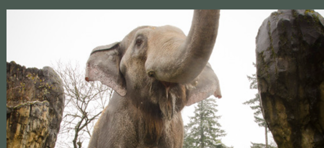
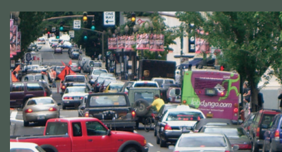






600 NE Grand Ave.
Portland, Oregon
97232-2736

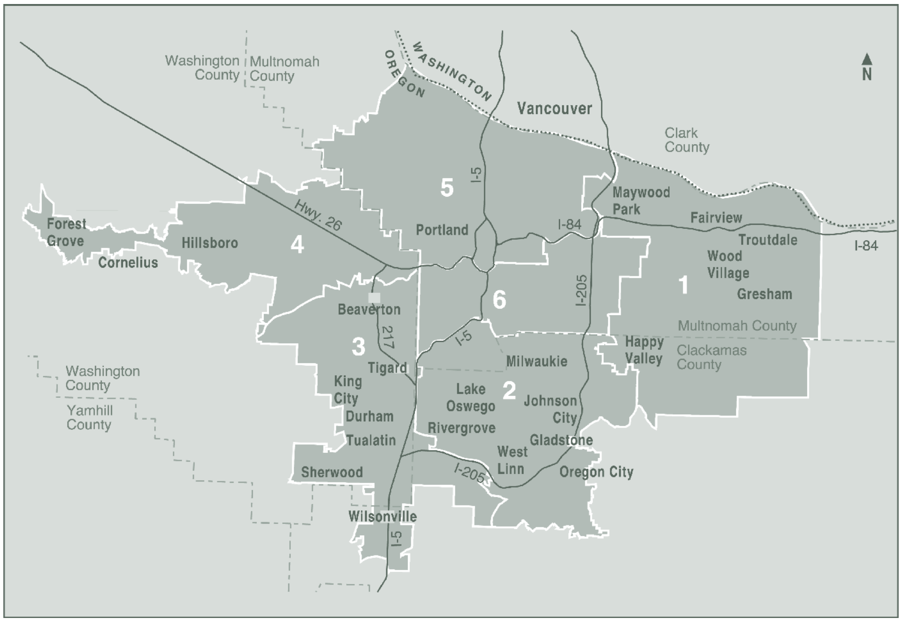
2012-13

ADOPTED BUDGET
Summary

Metro | *Making a great place*

2012-13

ADOPTED BUDGET Summary



Every 10 years, following the completion of the U.S. Census, the Metro Council adjusts the district boundaries as necessary to provide for equal representation. The Metro Council adopted new district boundaries to be effective January 3,2013.

Metro
Making a great place

Clean air and clean water do not stop at city limits or county lines. Neither does the need for jobs, a thriving economy and good trans portation choices for people and businesses in our region. Voters have asked Metro to help with the challenges that cross those lines and affect the 25 cities and three counties in the Portland metropolitan area.

A regional approach simply makes sense when it comes to protecting open space, caring for parks, planning for the best use of land, managing garbage disposal and increasing recycling. Metro oversees world-class facilities such as the Oregon Zoo, which contributes to's conservation and education, and the Oregon Convention Center, which benefits the region

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Metro | *Making a great place*

Adopted Budget
Fiscal Year 2012-13

Prepared by

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GFOA Distinguished budget presentation award


GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

Metro

Oregon

For the Fiscal Year Beginning

July 1, 2011

President

Executive Director

The Government Finance Officers Association (GFOA) of the United States and Canada presented a Distinguished Presentation Award to Metro for its annual budget for the fiscal year beginning July 1, 2011.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device. This is the sixteenth consecutive year Metro has received this award.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

SUMMARY VOLUME (VOLUME 1)

A. BUDGET MESSAGE

B. WHAT IS METRO

C. BUDGET SUMMARY

D. ORGANIZATIONAL SUMMARY

DETAIL VOLUME (VOLUME 2)

A. FORWARD

B. FUND SUMMARY AND DETAIL

C. CAPITAL IMPROVEMENT PLAN DETAIL

D. DEBT SCHEDULES

E. BUDGET AND FINANCIAL STRUCTURE

F. REVENUE ANALYSIS

G. APPENDICES

User's guide

Metro's adopted budget for FY 2012-13 is provided in two volumes. The first volume SUMMARY presents the proposed budget in sections designed to provide an understanding of how the budget is developed, its primary revenues and expenditures, and how these resources are applied to programs and activities. Many readers will find Volume 1 sufficient to gain an understanding of Metro's financial strategies for the coming year. Some readers may require additional detail which can be found in the second volume DETAIL.

SUMMARY (VOLUME 1)

The SUMMARY is organized in the following sections:

Budget message

By law the budget message is given at the time the budget is proposed and identifies any significant changes from one year to the next. The Metro Chief Operating Officer serves as Metro's Budget Officer. After the budget is proposed, the Metro Council considers public comment and shapes the final budget to reflect any changes or new priorities. These are described in the Highlights from the FY 2012-13 Proposed to Adopted Budget, which follows the budget message.

What is Metro

This section provides the reader with an overview of Metro's history, a timeline showing the development of the agency, information regarding Metro's charter, and an overview of the region's economy.

Budget summary

This section provides a comprehensive summary of the budget. It provides information on adoption ordinance, schedule of appropriations, property tax calculation, budget environment, revenues and expenditures, including trends and fund summaries, and summarizes staffing changes. It also includes the summaries of both the debt and five-year Capital Improvement Plan.

Organizational summary

The organizational summary presents Metro's appropriations units as required by Oregon budget law. Centers and services may be budgeted in a single fund or in several funds, but always by appropriations unit. This section discusses the purpose, organization and accomplishments related to the prior year's objectives. It identifies service level changes in the proposed budget and the new objectives for the upcoming budget year.

DETAIL (VOLUME 2)

Volume 2 provides greater detail about the budget. Readers should consider Volume 2 when looking for additional information about individual aspects of the budget.

Fund summaries and detail

This section presents detailed financial information and analysis for each of Metro's 13 funds, the legal units by which the budget is appropriated. The detail after each fund description contains technical information used by Metro managers to manage their programs. This detail includes current as well as historical line item revenues and line item expenditures required by law.

Capital Improvement Plan detail

Metro's capital budget for fiscal years 2012-13 through 2016-17 is included in the FY 2012-13 budget document. This section presents the department specific project summaries and analysis, Unfunded Projects and Current Projects Status Reports.

Debt schedules

This section contains information about Metro's outstanding debt obligations. It also provides detailed debt schedules for existing revenue bonds, general obligation bonds, capital leases and other debt.

Budget and financial structure

This section describes the budget process at Metro. It reviews the budget calendar and budget development guidelines.

Revenue analysis

The revenue analysis provides an overview of the major revenue sources. This overview includes a description of each source and the underlying assumptions for revenue estimates and recent trends.

Appendices

The appendices include several related documents that are legally required to be included with Metro's budget document or that provide additional policy background information. These appendices include the budget transfers, excise taxes, GASB 54 fund balance designation, limited duration positions and personnel changes detail, the charter of limitations on expenditures and fringe benefits. Also included are maps of Metro's facilities, pioneer cemeteries, regional parks and Open Spaces and Natural areas land acquisitions and target areas. The glossary, annual contracts list and detailed compensation plans are located in this section.

Chief Operating Officer's Budget Message

April 19, 2012

To the Metro Council, citizens and regional partners and valued employees:

I am pleased to present Metro's Fiscal Year 2012-13 proposed budget, the first budget I have prepared as your Chief Operating Officer and Budget Officer. My goal in proposing this budget has been to ensure that Metro provides excellent services to the region well into the future, despite the slow economic recovery. The proposed budget reflects an agency that has been strategic and prudent in managing through the down turn. The budget reflects a focus on maintaining excellent core services over the next three-to-five years while implementing the Metro Council's key initiatives.

Economic environment shapes budget planning

Since 2008 Metro has relied on its financial policies and discipline to weather the national recession. Operating revenues have been generally slow-growing or flat while costs have continued to increase. Decision-making has centered on focus and financial sustainability for the future. With strategic foresight and the help of our labor organizations, Metro has blunted the rise in labor costs. Basic principles of protecting our assets, committing one-time money to one-time purposes and requiring enterprise operations to perform to a hard bottom line have served us well. Metro has been making careful choices and has been able to avoid disruptive service cutbacks or service eliminations that other agencies have had to face. We have continued to deliver the significant objectives that are the essence of the Metro charter – the important policy framework for the 2040 Growth Concept which will guide growth and development over 50 years.

While careful decisions have prevented significant reductions in programs and activities, Metro still faces significant fiscal challenges. The regional economy is clawing its way back to the 2008 pre-recession levels. In limited areas it is starting to move forward, but the region will not see a quick or fast-paced return. In addition, for several reasons, federal transportation funding is declining, affecting both general transportation system planning and specific project planning.

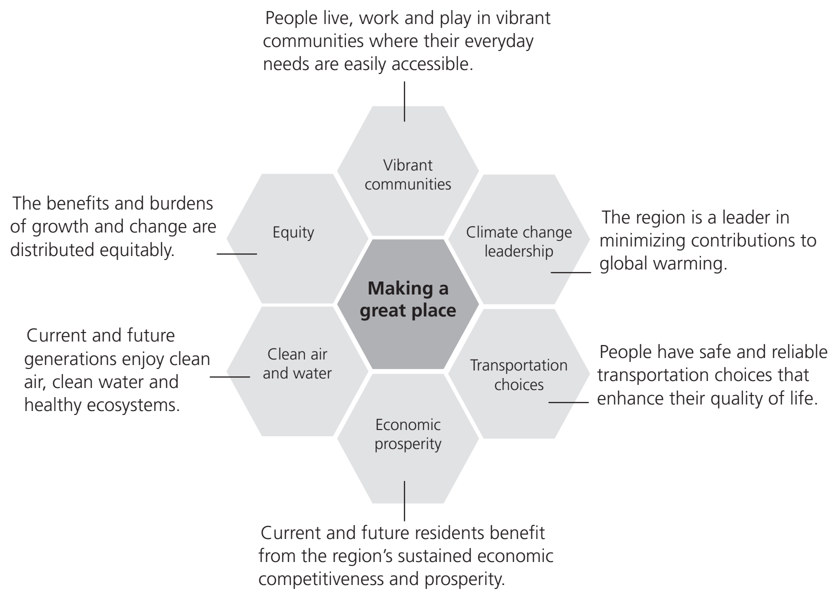
With this as the backdrop for the upcoming year and beyond, with Metro's operating revenues remaining generally flat and its costs continuing to grow, this budget focuses on financial and operational stability for the future.

How the budget proposal was developed

Before we began preparation of the budget, the Metro Council held a series of intensive budget work sessions to review the forecasts, assess progress on the current work programs and solidify its key initiatives. As budget officer I instructed programs to prepare initial budget requests balanced to the current year's General Fund allocations or to available enterprise and grant revenues.

As the budget took shape I used the Council's guidance and applied some special tools to frame a budget proposal that would be sustainable for the next three to five years. Metro's budget is anchored by the region's six desired outcomes. Developed by the region and adopted by the Metro Council in 2010 as part of the region's growth management policies, the six outcomes help all leaders and their communities focus on what makes this region a great place. The Metro Council has directed Metro to use the outcomes to guide its strategic decision-making.

Region's six desired outcomes



Metro also uses its compass to assess how our efforts and limited resources align with and support the regional outcomes. As Budget Officer I tested each proposal with the compass and Metro's values firmly in mind.

Metro Compass

What the budget looks like

By law Metro must present a balanced budget. The FY 2012-13 proposed budget is distinctly the largest budget proposed in our history. The legal budget, which accounts for all resources and all requirements, tops $520 million. This reflects the $140 million sale of bonds authorized by the voters for the Natural Areas and the Oregon Zoo, as well as the accompanying debt service, and overshadows what is occurring in the operating funds. Looking at the operational needs, the available discretionary resources have decreased. The operating funds, and in particular the General Fund, show little growth.

All funds summary comparison

	FY 2011-12 Amended Budget	FY 2012-13 Proposed Budget	Increase / (Decrease)
Operating Funds			
General Fund	109,567,194	109,614,934	47,740
MERC Fund	68,864,607	69,799,229	934,622
Solid Waste Revenue Fund	95,064,513	100,789,558	5,725,045
Total Operating	**$273,496,314**	**$280,203,721**	**$6,707,407**
Bond/Capital Funds			
General Asset Management Fund	9,855,001	9,874,585	19,584
Natural Areas Fund	37,777,751	84,800,445	47,022,694
Open Spaces Fund	336,876	738,934	402,058
Oregon Zoo Infrastructure & Animal Welfare Fund	9,677,622	68,179,866	58,502,244
Total Bond/Capital	**$57,647,250**	**$163,593,830**	**$105,946,580**
Debt Service Funds			
General Obligation Bond Debt Service Fund	40,616,881	62,084,394	21,467,513
General Revenue Bond Fund	3,316,057	3,095,398	(220,659)
Total Debt Service	**$43,932,938**	**$65,179,792**	**$21,246,854**
Other Funds			
Pioneer Cemetery Perpetual Care Fund	377,450	470,187	92,737
Rehabilitation & Enhancement Fund	2,255,986	2,325,399	69,413
Risk Management Fund	4,836,240	4,531,135	(305,105)
Smith & Bybee Wetlands Fund	3,836,343	3,761,727	(74,616)
Total Other	**$11,306,019**	**$11,088,448**	**($217,571)**
Total All Funds	**$386,382,521**	**$520,065,791**	**$133,683,270**

What the budget delivers

The focus of every Metro budget, in any economic environment, must be to:

- Deliver excellent public and customer service

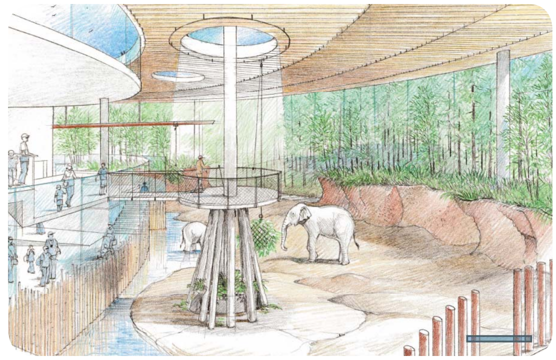
The majority of Metro's financial resources and employees are dispatched to welcome 5 million citizens and customers to its parks, its zoo, its concert halls and its convention and event centers. What the region is unable to reuse, recover or recycle is disposed of properly to keep the public and the environment safe. Citizens can find information on Metro's website about events, policies and programs during regular business hours or whenever they choose. Qualified applicants and vendors can find opportunities to do business with Metro.

In FY 2012-13 Metro will commit nearly $200 million in meeting this daily, operational requirement.

- Deliver on the bond promises

Voters have authorized Metro to invest in the region's future by approving general obligation bonds to construct facilities and to preserve natural areas and streams. Some construction projects like the Oregon Convention Center and the

Great Northwest exhibits at the zoo were completed years ago. Thousands of acres of regionally significant open spaces have been acquired and local parks and trails projects supported under the 1995 authorization. Today Metro is continuing acquisition of natural areas under a second voter authorization in 2006. A new veterinary medical center has been completed, and design and construction planning is underway to create a new elephant habitat, four times the current size, under the 2008 Zoo Infrastructure and Animal Welfare bond authorization.



- Maintain core services, meet mandates and care for public assets

  Metro must comply with federal, state and charter requirements. This includes its primary role in planning for and designating lands for urban growth and rural serves and serving as the federal Metropolitan Planning Organization (MPO) to guide transportation planning and investment for the region. And it includes Metro's role as the regulator of solid waste in the region and a steward of public lands and pioneer cemeteries. Metro also has an obligation to be a responsible employer, a fair agency to do business with, an open and transparent public agency and a conservator of public funds.

  Caring for our public assets is a challenge. Like most public entities, Metro relies on debt financing to acquire or build and renovate entire facilities. Once acquired, Metro protects the public's investments by setting aside renewal and replacement funding to ensure that facilities and major equipment reach their full useful life. Visitor venues such as the Oregon Convention Center must meet an even higher standard to remain competitive for a highly selective market. The proposed budget includes ongoing renewal and replacement funding, catch-up investments at Glendoveer Golf Course, and new revenue-generating products for the pioneer cemeteries. In total, over the next five years the Capital Improvement Plan proposes to spend $186 million to acquire, improve and care for Metro's assets.

- Move forward with the Council's key initiatives

  The Metro Council positions the agency for the future by directing specific policies, programs and projects. These may include specific enhancements to current programs or strategic investments to assess and understand emerging needs. The proposed budget includes the third year of a multi-year commitment to the Community Investment Initiative ($639,000), maintains $200,000 in Development Opportunity funding, reinstates $200,000 for Nature In Neighborhoods small grants and commits staff and financial resources ($519,000) to finding a solution to the persistently identified need for a large hotel room block to boost convention bookings.

  The Council has also identified key initiatives that will continue to engage Metro in the coming years, although no specific budget resources have been allocated at this time. These include the ongoing study of the Willamette Falls property at Oregon City and consideration of a parks funding measure to secure the future for the parks and natural areas that the voters have asked us to acquire and manage. If these projects begin to mature in the coming year, the Council might consider its $500,000 Opportunity Fund to advance them.

Significant changes in the budget

Oregon budget law directs the Budget Officer to highlight significant changes in the proposed budget. Using the regional outcomes, the Metro compass and the Council's guidance, I have reduced some programs, activities and staffing to meet the available resources and to avoid more severe reductions in the future. I have applied one-time money to urgent capital investments, especially investments with the potential to increase future revenues. And I have proposed the use of limited duration positions, new or continued, for projects and activities with clear endpoints.

A smaller workforce

The FY 2012-13 proposed budget reduces the number of authorized position by a net 15.5 FTE. This includes the expiration of 7.4 limited duration positions as scheduled. The budget also eliminates 12.5 positions, a mix of management and represented positions, the majority of which have been managed by attrition. Some of these reductions reflect successfully completed projects; some reflect program efficiencies brought about by consolidation or increased automation. But the most difficult reductions reflect flat or slow growing general revenues, and declining grant revenues and activity-based revenues.

At the same time labor costs continue to rise. Major collective bargaining agreements are in place and include escalators tied to a consumer price index that is seeing its first significant increase in three years. Without the collaboration of our collective bargaining units in the current year, the cost increases would have been more significant. Agreements reached in FY 2011-12 for lump sum salary adjustments instead of base salary adjustments, defined cost-sharing of health insurance premiums and more new employees paying their share of PERS participation, helped Metro contain the rise in personnel costs.

Planning and Development sees greatest change

The most significant policy and programmatic changes appear in Planning and Development. The major policy work supporting the 2040 Growth Concept has been completed successfully, changing the focus from planning to implementation. Federal transportation funding and specific project grant funding, the major funding sources for Planning and Development, are in short supply. Reorganizing to meet the program changes and resizing to fit the available funding will be difficult. The proposed budget eliminates positions associated with completed special project or grant work, but it also eliminates positions that have been part of continuous transportation grant funding for many years, a total of more than nine positions. These changes also impact the transportation modeling services of the Research Center.

Summary of changes by department

The proposed budget includes the following service level changes:

Metro Council

The Metro Council budget includes the Council, the Office of the Chief Operating Officer and Government Affairs and Policy Development. It also includes the Diversity Program and the Community Investment Initiative, two signature initiatives of the agency, as well as the continuation of a limited duration policy advisor to assist the Oregon Convention Center in its enhanced marketing project.

The Metro Council is leading the agency's economic development actions through the FY 2012-13 proposed budget. The proposal maintains special appropriations for membership in Greater Portland, the Portland-Vancouver regional economic development partnership collaboratively driving quality economic expansion and job creation. In addition, the budget adds resources for the Council to participate in the Metro Export Initiative, a Greater Portland project to create and retain the jobs to double exports in the next five years. Construction excise tax funds Community Planning and Development grants, and the budget includes development opportunity resources for brownfields and the next phases of the industrial lands inventory. The Leadership Council of the Community Investment Initiative will be making its recommendations this year.

In other changes, a policy advisor, transferred in FY 2011-12 from the Office of Metro Attorney, will serve as a special advisor until November. The proposed budget eliminates one position in the Council office and adds a limited duration position for the Community Investment Initiative in place of temporary staffing. In an effort to increase transparency, the Community Investment Initiative program budget includes only its direct costs. Expenditures related to the earlier Community Investment Strategy work, including significant Communications work, have been reduced and moved to reflect where the work is being performed. The proposed budget also includes resources for increasing outreach and public involvement opportunities for both local government officials and for underserved groups, especially communities of color.

Office of Metro Auditor

Metro's elected Auditor operates independently and is a link between the public and Metro. The Office of the Auditor conducts performance auditing and oversees the financial auditing of the agency. The Auditor objectively assesses how well Metro services and activities are performing, ensuring accountability and transparency. There are no service level changes for FY 2012-13.

Parks and Environmental Services

Parks and Environmental Services operates Metro's parks facilities, including pioneer cemeteries, the Metro Regional Center building and solid waste facilities.

In FY 2011-12 the pioneer cemeteries program developed a formal business plan, restructured fees and identified new services with revenue generating potential. The fee plan was implemented in November 2011, increasing prices for both sales and services and increasing revenue for perpetual care for long term maintenance. The proposed budget includes $50,000 to establish the first cremation product at Lone Fir Cemetery to respond to market demand and generate additional revenue. The estimated payback period is two-to-three years with little additional operating cost.

A new $1 million grant will allow the parking lot reconstruction phase at the M. James Gleason boat ramp. Two general fund capital projects meet the criteria for allocation of one-time funds: Glendoveer Golf Course and Oxbow Park. The operations contract for Glendoveer expires in December 2012. In completing the site plan and planning the request for proposal for an operator, it is increasingly imperative to address the long deferred maintenance of the property. The proposed budget includes $331,000 for urgent capital projects, including an assessment and strategy for addressing the leaking water tower. We also anticipate that the operating agreement in a new contract may alter the revenue sharing terms of the site, reducing General Fund revenues in part in FY 2012-13 and potentially more significantly in the following year.

For a second year winter rains and flood conditions caused substantial damage at Oxbow Park, requiring the temporary shutdown of some campground areas. Emergency appropriations in 2012 addressed the immediate life-safety issues and the unavoidable removal of a restroom/shower facility, roadway and campfire assembly area. Efforts are underway to reopen as much of the campground areas as can be done safely. The FY 2012-13 proposed budget includes $100,000 to perform geotechnical analysis to determine how to respond to the continuing erosion at the park and to update the 1997 master plan and plan for the park's future.

At the Metro Regional Center the Metro Store's functions will move to the building's main reception desk which will be staffed to make sales and receive payments during all business hours. This will be more convenient for Metro's customers and reduce the expense of operating both a store and a front desk.

PES also operates Metro two public transfer stations. In late 2012 the City of Portland implemented its residential composting program, mixing yard debris and food waste. The mixed waste can no longer be processed at yard debris facilities and is now being processed and reloaded at the transfer stations. Metro has developed new fees to recover its direct costs and is proposing to recover a portion of the fixed costs in FY 2012-13. This increases both revenues and expenses by $4.5 million.

Planning and Development

Planning and Development includes three newly organized program areas that reflect the Council's Community Investment Strategy: Community Development (formerly Land Use Planning and Development); Project Development (formerly Corridor Planning and Development); and Transportation System Planning. The organization reflects the Metro Council's desire that we work with communities throughout the region to target investments that boost economic vitality, provide transportation choices and prepare for population growth consistent with shared local and regional aspirations.

The proposed budget reflects significant change for Planning and Development. Limitations in federal transportation funding, both discretionary funds for general system planning and project specific funds, have required organizational streamlining and a focus on the fundamentals. This results in a net reduction of more than nine full-time equivalent staff positions including positions long funded by grants.

The proposed budget eliminates limited duration resources related to the completion of urban and rural reserves decisions and the adoption of the capacity ordinance. The HB 2001 state-funded greenhouse gas scenarios work, a primary funding source for Metro's Climate Smart Communities work for the past two years, is also winding down. The state-supported work had eased the shortage in federal funding for the past two budget cycles. While some state funding remains for FY 2012-13, Climate Smart Communities work will be recalibrated.

Discretionary federal dollars for transportation modeling, forecasting and planning have not increased in six years, although our obligation as the Metropolitan Planning Organization is unchanged. The proposed budget scales back expenditures to the mandated functions and reduces technical assistance for regional partners and the public. Corridor work remains funded, although more modestly, and the departmental reorganization has reduced costs on these projects. A change in the Regional Transportation Options program delivery strategy results in the elimination of one RTO staff position.

Consistent with the Council's direction, General Fund resources have been prioritized to maintain the Development Opportunity fund ($200,000). This resource complements and fills in where Transit Oriented Development funding is not eligible. Together these on-the-ground programs provide assistance to a variety of local projects that meet both community goals and regional policy priorities.

Federal resources, while limited, will fund initial analysis for the next corridor plan. However, the level of future project funding awaits federal decision-making. The proposed budget reflects only funds that have been committed. Planning and Development continues to pursue aggressively other grant and funding opportunities, a strategy which is equally helpful and difficult for program stability.

Research Center

The Research Center provides data, information, mapping and technical services to support public policy and regulatory compliance for Metro programs and for the region. The center coordinates data and research with local government partners, academic institutions and the private sector.

The Research Center has provided the primary modeling work for the HB 2001 greenhouse gas scenarios for the past two years. Data collection, spatial analysis, mapping and visualization, requirements of the HB 2001 scenario planning, are completed. Limited duration positions assigned to this work have been eliminated.

Greater Portland Pulse, the regional indicators project, has been transitioned to Portland State University although Metro remains a significant program and financial partner. The Forecasting and Modeling Services group is impacted by the reduction in work performed for Planning and Development, previously its major client. Completion of the urban and rural reserves and capacity ordinance work reduces the immediate need for forecasting. On the transportation side, federal funds for general transportation research and modeling are limited. As a result Forecasting and Modeling Services are taking on outside public and private clients to retain highly skilled and talented staff. Including additional local government and private revenues presents some budgetary risk and will be monitored closely.

Sustainability Center

The Sustainability Center contributes directly to the region's livability and focuses on providing accessible regional natural areas, parks and trails and maintaining and enhancing environmental quality. It also promotes sustainable resource management through waste reduction initiatives ranging from residential recycling assistance to required recovery of dry waste at materials recovery facilities.

In the General Fund a limited duration planner position will also conclude as scheduled. The Sustainability Center will transfer 6.3 staff positions and accompanying program expense to the Oregon Zoo on July 1 as part of a two-year planning and consolidation effort begun in 2011, as noted in the zoo discussion. The General Fund and the Smith and Bybee Wetlands Fund will continue to pay for the naturalist educators; the Solid Waste Fund will pay for the environmental educators.

The Sustainability Center's Resource Conservation and Recycling program recognizes the successful completions of the two-year diesel retrofit program and the four-year Business Recycling Requirement technical assistance program. The limited duration Climate Initiatives Coordinator position will end as scheduled with the delivery of a climate preparedness assessment. RCR will contract with the Oregon Department of Environmental Quality for research related to the environmental impacts of different end-of-life management alternatives, including new conversion technologies, as part of the Solid Waste Road map work. Additionally DEQ will conduct research on consumer product life-cycle metrics and building material selection, providing Metro with greenhouse gas and other environmental impact data that complements our regional greenhouse gas emissions inventory. The Sustainability Center will also gather data needed to assess local governments' requests of alternatives for complying with the residential services standards for recyclables prescribed in the Regional Solid Waste Management Plan.

Visitor Venues

Visitor Venues include the Oregon Convention Center, the Portland Center for Performing Arts, the Portland Expo Center (MERC venues) and the Oregon Zoo. The Metropolitan Exposition Recreation Commission (MERC) oversees the three MERC venues and recommends the budget for the MERC Fund, an enterprise fund. The Oregon Zoo's operations are found in the General Fund. A General Manager of Visitor Venues manages all four venues and reports to Metro's Chief Operating Officer. Organizationally the Visitor Venues represent 29 percent of the annual revenues and 46 percent of the agency's payroll.

National convention bookings for FY 2012-13 and the following year are down 25 percent, illustrating the downstream effect of the recession, with bookings rebounding beginning in 2014. Resident companies using the Portland Center for the Performing Arts' facilities have shortened their performance runs or moved into smaller performance halls, which provides some additional opportunity for other commercial bookings. The FY 2012-13 Broadway season outlook has improved to 10 strong selections. In April 2012 Expo hosted its first *Cirque du Soleil* season, anticipating every-other-year return engagements. The Oregon Zoo continues its outstanding attendance and has seen a slow return of per capita spending to prerecession levels. Concern about on-site construction is mitigated, in part, by the anticipated arrival of a new baby elephant in December 2012.

A longstanding intergovernmental partnership provides for the sharing of transient lodging tax and car rental tax for convention and visitor activity. The Oregon Convention Center relies on transient lodging tax for 25 percent to 35 percent of its operations, depending on the year. Portland Center for Performing Arts receives a smaller share of transient lodging tax as well as support from the City of Portland, owner of the facilities. Tax collections have regained strength after a significant downturn and are slowly moving forward.

As part of the continuing consolidation of Metro and MERC business functions, three MERC positions will be transferred to Finance and Regulatory Services with MERC venues paying a proportionate cost through the general cost allocation plan.

The **Oregon Convention Center** will make a one-time payment of $2.2 million for its street car assessment. In order to make this payment OCC will receive a loan from the General Fund, payable over 10 years, and will include the debt repayment as part of its annual request to the Visitor Development Trust Fund. The VDF proposal will also include a request for the newly available funds ($875,000) from the refinancing of the facility debt to be used to secure more attractive room block packages. The Metro Tourism Opportunity Competitiveness Account request of $518,633 from the

General Fund will be used to research options for satisfying the need for a 500 hotel room block, a persistently identified reason for rejecting Portland as a convention site by national convention meeting planners. A limited duration policy advisor in the Chief Operating Officer's budget will be assigned to this project. Capital spending will be at somewhat lower levels in the coming year as the convention center completes its planning for sequencing major venue renovations in the next five years.

The **Portland Center for Performing Arts** will eliminate one administrative assistant position and reduce electrician hours (the equivalent of a half-time position) to increase operational efficiency. PCPA's mission to support local resident arts groups by providing discounted rental rates of performance spaces remains challenging.

The **Expo Center** does not receive transient lodging tax support for operations and must meet its debt service obligations for Hall D through annual operating revenues. The MERC Commission has recommended the use of strategic reserves to conduct a structural and geotechnical assessment of the older Expo Halls A, B and C and has directed a portion of the MERC pooled capital account, accumulated with transient lodging tax, to Expo renewal and replacement projects. In addition the Commission recommended using $197,000 in strategic reserves to support the leadership transition while sales and marketing efforts are retooled.

The **Oregon Zoo** generates the majority of its operating costs through gate admissions, memberships, and sales related to concerts, train rides, food and other concessions. The Oregon Zoo Foundation provides operational support as well as major capital fund raising. The General Fund provides about 73 percent of the zoo's annual operating costs. The zoo will be proposing a modest fee increase in January 2013.

The budget proposes two new animal keeper positions, offset by a reducing temporary service employees, to provide continuous, safer and better care for the animals. A number of part-time positions will be either increased or decreased, based on creating program efficiencies and reflecting how operations are conducted. The zoo has made continuous improvements in its use – and past overuse – of temporary staff.

The largest change in the zoo's budget is the consolidation of Conservation and Environmental Education programs which began in 2011. A new manager position was established to plan the program, and staff co-location begins in April 2012. The FY 2012-13 budget reflects the completed consolidation, transferring 6.3 positions and program expenses from the Sustainability Center to the zoo. The General Fund will continue to fund positions transferring from parks programs; some limited funding from the Smith and Bybee Wetlands Fund also continues to fund a portion of the naturalist staff. The Solid Waste Fund will pay for its environmental education programs, including the outdoor school payments. A management position will be eliminated in December 2012 as part of the program consolidation, indicated as a .5 FTE reduction for the initial year and a full time reduction thereafter.

In the Zoo Infrastructure and Animal Welfare bond program staff and expenses associated with the comprehensive capital master plan are eliminated, reflecting the successful completion of those activities. The next stages of construction including the 6-acre reconstruction of the Elephant Habitat will have an impact on zoo operations. Train revenue will decline during the six-month period that train service will be disrupted, but staff is considering ways to incorporate "construction watching" into the visitor experience. The anticipated birth of a new baby elephant is expected to mitigate attendance concerns. Other significant non-bond capital projects include the continuation of the new aviary projects funded by The Oregon Zoo Foundation.

Operational Support

Communications

Metro's Communications department supports the Metro Council and departments in providing public information and supporting public involvement in key agency decisions. Audiences include other government partners, specific advocacy groups, media outlets and the general public. The proposed budget represents a broad range of information and engagement activities. A limited duration position dedicated to the zoo bond program will complete successfully the public engagement work related to land use applications. A limited duration public affairs specialist currently in Planning and Development will be transferred to Communications.

In an effort to improve transparency, the Communications budget as proposed includes directly the resources to support the Community Investment Strategy, resources previously budgeted in the Council Office as part of the Community Investment Initiative. For FY 2012-13 project work such as Opt In, the innovative online opinion panel, will be distinct. The technical platform and the panel will be funded by the General Fund while specific surveys will be funded by its users: Metro programs or other partners. Communications will continue to support the Community Investment Initiative and the Leadership Council in preparing its recommendations for public discussion. The Communications budget also includes funds to increase involvement of politically and culturally diverse constituencies.

Finance and Regulatory Services

In addition to its portfolio of financial services, risk management and procurement, FRS is responsible for solid waste regulation, rate setting and financial analysis and modeling for solid waste operations. The proposed budget includes the transfer of three positions from the MERC Fund into agency-wide financial services, a continuing step in the consolidation of MERC and Metro business services. This allows FRS to eliminate two positions mid-year, one in accounting and one in procurement, following the retirement of long-serving staff.

The Solid Waste Information System (SWIS), the data base application supporting solid waste fee and tax collection and reporting, will be operational on July 1. A new budget module application will become operational in October 2012, and a Phase 1 study of Metro's financial systems application is proposed for FY 2012-13.

Human Resources

Human Resources supports both the operating units and the individuals of the Metro organization, providing strategic leadership, building collaborative relationships, promoting diversity and instilling best human resources management practices.

The new Diversity Coordinator position has been moved to the Office of the Chief Operating Officer to signal its importance to Metro's stakeholders and citizens. Human Resources will continue to support the coordinator and the Diversity Action Team, particularly in employee communications and training which reflects Metro's values and support.

A limited duration position authorized for FY 2011-12 to review, update and refresh personnel policies will conclude successfully. The proposed budget includes a 0.75 FTE limited duration position with a new focus including a limited classification review of administrative positions common to Metro and visitor venue programs. The position will also support diversity activities including targeted employment materials.

Information Services

Keeping pace with technology remains a challenge for Metro. IS supports Metro's goals and business processes through the development, implementation, support and management of its information systems.

A limited duration Records Management Analyst position is extended at a reduced level (0.5 FTE) to continue management of Planning and Development records. In addition the proposed budget includes resources to conduct security and intrusion testing on network, web and application systems. In order to continue to accept credit cards for payment, an essential business service for the visitor venues and transfer stations, Metro must establish comprehensive security and testing protocols. The budget also includes a significant increase in maintenance and support costs for business applications (financial systems, human resources and timekeeping systems and electronic records storage and retrieval). Information Services will be participating in the Phase 1 study of Metro's financial systems application with an eye toward reducing future maintenance costs.

Office of Metro Attorney

The Office of Metro Attorney provides legal services for the Metro Council, the Metro Auditor, the Chief Operating Officer, all Metro's operating units and commissions. OMA provides review and advice to the Metro Council to support its land use and transportation decisions. Attorneys are assigned to direct due diligence responsibilities for the Natural Areas acquisitions and to advise the Oregon Zoo for the master planning, land use and development approvals for the new bond measure. In 2012 the Council appointed a new Metro Attorney; the Deputy Metro Attorney position has been eliminated and the position authority transferred to the Office of the Chief Operating Office where the former Metro Attorney is serving as a special advisor through November 2012.

General Expense

The General Expense category includes non-program revenues such as property tax, excise tax and interest earnings as resources. On the expenditure side, it includes non-operating expenses such as general obligation debt, transfers, and, in the General Fund, special appropriations that are not tied to an individual program, service or center. The greatest interest centers on the General Fund which is discussed in detail below.

Revenues

The General Fund includes three important discretionary revenues: property tax, excise tax and interest earnings. These are the resources that the Council can direct by choice to any general purpose. Since 2008 interest earnings have remained at an unprecedented low, effectively removing them from being considered a primary resource. The excise tax on Solid Waste disposal is established in Metro Code to generate a defined yield and may increase annually based on a specific consumer price index. The rate is calculated based on tonnage of the prior two years. For FY 2012-13 the proposed rate will increase by 39 cents per ton; Excise tax on other Metro facilities and services remains at 7.5 percent. Discretionary excise tax is expected to generate $15 million, a slight increase over the current year. Construction excise tax has been recovering to pre-recession levels and is expected to increase in FY 2011-13. CET is a dedicated tax and is used to support Community Planning and Development grants.

Property taxes are levied for both operations (discretionary) and general obligation debt service (dedicated). The operating levy has a permanent rate of .0966, about ten cents, and raises $12 million for discretionary purposes. The levy for general obligation debt will increase from $28 million to $54 million, based on debt schedules and cash flow requirements for existing debt and an estimated schedule for new bonds that will be sold in May for the Natural Areas ($75 million) and Zoo Infrastructure and Animal Welfare ($65 million). The estimated schedule is based on a not-to-exceed maximum for each issue, consistent with promises made to Metro taxpayers. Despite economic conditions, collections have remained strong and are estimated to be 94.5 percent. Combined, the estimated tax rate for an urban Metro resident is 51 cents, or about $102 for owners of property assessed at $200,000.

Expenditures

The General expense spending includes general agency payments for elections, the outside annual audit, and, in accordance with the financial policies, the appropriated contingency for the General Fund and the annual contribution to renewal and replacement. A $500,000 Opportunity fund provides the Council with a modest resource to take advantage of new opportunities that arise which require a partnership match or otherwise leverage existing budgeted funds.

The General Expense category also includes special appropriations. These include payments for previously awarded grants for Nature in Neighborhoods small projects and Community Planning and Development grants; and payments for specific organizational dues and sponsorships such as Rail~Volution, the Regional Arts and Culture Council, Regional Water Consortium and the Lloyd Business Improvement District. The proposed FY 2012-13 budget maintains $25,000 for regional economic development membership; $75,000 for Intertwine organizational support, a diminishing second year allocation as part of a three year schedule to reach $50,000 as a sustaining member; and $60,000 to support Greater Portland Pulse, the regional indicators project housed at Portland State University. The annual Metro Tourism Opportunity Competitiveness Account transfer to MERC is increased to $518,663 and designated for the enhanced marketing/room block project.

New special appropriations for FY 2012-13 include $25,000 for the Metropolitan Export Initiative, subject to final Council approval; a $200,000 appropriation to resume Nature In Neighborhoods small grants for one year; and a one-time $500,000 payment for the Street Car assessment for the Metro Regional Center. The General Fund is also loaning the MERC Fund $2.2 million, payable over ten years, for the Convention Center's streetcar assessment.

A new agency-wide project, a major conversion of the agency's primary website, is budgeted in General Expense and funded by assessments to all funds on a one-time basis. The total project cost is $592,000 over 18 months and includes a limited duration position. Solid Waste will provide $333,000 over two years, reflecting the greatest number of user inquiries, particularly for recycling information. The General Fund will provide $225,000; the remainder includes very small assessments to the MERC, Natural Areas and zoo bond funds.

Finally, for FY 2012-13, the General Expense appropriations include a $331,000 allocation to the capital fund to support critical capital improvements at Glendoveer; $50,000 for pioneer cemetery cremation options; and $200,000 for new capital projects including sustainability improvements for General Fund assets. These, and the $200,000 Nature in Neighborhoods small grant program allocation, are funded from one-time revenues collected in FY 2011-12.

CAPITAL IMPROVEMENT PLAN

The five-year Capital Improvement Plan identifies all capital projects which exceed $100,000 and meet the State of Oregon's definition for public improvements. The $186 million CIP spending plan includes 106 projects, about one quarter new capital projects and three quarters scheduled renewal and replacement projects. On a funding basis, it is the reverse – about 80 percent of the spending is related to new capital, led by the Natural Areas and zoo bond projects.

New Capital projects

The General Fund does not have a reserve for new capital projects, relying on the accumulation of one-time resources from unanticipated revenues or underspending in a prior year to fund the most critical new capital needs. For FY 2012-13 this includes the much needed improvements for Glendoveer Golf Course and a resource to leverage sustainability upgrades and other projects that are not eligible for renewal and replacement funding. A fourth phase of improvements at the M. James Gleason boat ramp uses General Fund resources as match for sizeable grant funds. The pace of Natural Areas acquisitions has been increasing, and the zoo is ready to begin the Elephant habitat project, the largest of the bond projects.

Renewal and replacement

Renewal and replacement projects are scheduled according to the expected useful life of the asset and its condition. All operating funds make annual contributions for renewal and replacement. This accumulating strategy is intended to smooth out the funding in years when higher cost projects are scheduled. The General Fund contribution in FY 2012-13 will be $1.5 million. The MERC Fund is currently in a lower spending period but has several expensive projects, including the Convention Center roof, scheduled to begin in FY 2013-14. An inventory and asset condition project undertaken in FY 2011-12 for all three operating funds may result in the need for increased contributions beginning in FY 2013-14 or the need to advance or delay projects on the current schedule. Significant renewal and replacement projects for FY 2012-13 include a $500,000 lighting update (Phase 2) at the Oregon Convention Center; $600,000 to replace the slow speed shredder at Metro Central; and $335,000 to replace the transfer station roof at Metro South. The roof design project at the Oregon Convention Center will lead the way to the largest renewal and replacement project in FY 2013-14, estimated to be $2 million.

SOLID WASTE RATES

As a companion to the budget, we are also presenting the proposed solid waste rate ordinance and its accompanying rate report. The Council will receive a review of the rates prepared by an independent consultant. Interested parties may testify or comment on the rates under either the budget ordinance or the rate ordinance.

Based on the proposed budget, the anticipated tip fee, including all fees and taxes, will be $93.84 on August 1, an increase of $4.31 over current rates. The tip fee has risen by an average of $4.60 per year during the last four years, making this increase a bit less than the average but higher than last year's increase. Tonnage is flat and influences the disposal rate in a modest way. In addition to the excise tax increase, the primary cost drivers of the rate increase are inflationary escalators in major contracts after a period of no to very low inflation; increasing fuel costs and transportation premiums related to tonnage; diminishing underspending because of tighter budgeting practices; and one-time costs related to agency projects such as the website overhaul, a primary information tool for the recycling information center. A proposal to capture a portion of the fixed costs from recoverable solid waste, particularly organics processing, avoids the fee increase from being even higher.

CHARTER LIMITATION ON EXPENDITURES

Metro's charter includes a limitation on expenditures of certain tax revenues imposed and collected by Metro, specifically the general excise tax and the construction excise tax. The general excise tax is a yield-base tax which may increase annually only by the consumer price index. The majority of the excise tax is collected on solid waste activities and is calculated as a per-ton tax. The proposed rate for FY 2012-13 is $12.19 per ton, an increase of 39 cents. The excise tax on services and product sales provided by Metro facilities remains 7.5 percent. Activities at the Oregon Zoo are specifically exempted by Metro Code; activities at the Portland Center for Performing Arts are excluded by intergovernmental agreement with the City of Portland, owner of the facilities. Metro assesses an excise tax on construction permits throughout the region to fund land use planning to make land ready for development. Collections are beginning to improve after declining sharply when building activity fell off during the recession. The expenditure limit for FY 2012-13 is $20 million; budgeted expenditures are $18.6 million. The proposed budget does not exceed this limitation.

How today's decisions shape our future

Each year the budget gives us an opportunity both to respond to short-term needs and to prepare for the longer term. Metro recognized early on that the 2008 economic plunge could be long lasting and could require permanent, rather than temporary changes. Strong financial policies were already in place, and Metro has remained disciplined in following them. The proposed budget maintains this discipline.

As Metro has looked toward the future, we remain organized around four principles:

Footprint

How big is Metro and are we organized in the best possible way?

Our available resources require that Metro be smaller next year. The FY 2012-13 proposed budget continues the "rightsizing" of the organization, balancing the economic realities with the need to maintain the talent we have developed and plan for sound succession. We need to assess carefully whether one-time projects have clear one-time objectives that will reach a planned and successful conclusion. We remain concerned about future federal funding for our general transportation planning work and for planning specific projects in major corridors.

Focus

Are we focusing on our priorities, applying our expertise in a way that Metro can make the most significant contribution?

The six desired regional outcomes provide the focus for Metro's decision-making. The Council has spent the past four years engaging its partners in significant policy work that has created a blueprint for regional development. The recent adoption of urban and rural reserves, the basis for future growth management and urban growth boundary decision-making, and the adoption of the Regional Transportation Plan form the foundation. The Community Investment Strategy, a signature initiative begun two years ago, has been integrated throughout the agency and is most visible in the new organization of the Planning and Development department. At the Council's direction, Planning and Development is transforming, placing more emphasis on job creation, downtown revitalization and using corridor planning to foster communities, not just build transit. Folding in the Council's development initiatives, from sustainable design and construction practices to facilitation of brownfield cleanup to downtown revitalization toolkits, promotes meaningful public and private partnerships, leverages resources and targets infrastructure to help communities build their downtowns, main streets and employment areas.

Employee Compact

What is Metro's strategy as an employer?

Metro's largest collective bargaining agreements are in place through 2014, although some smaller agreements are in current discussion. We are fortunate that both our non-represented staff and our labor organizations are well informed about Metro's financial condition and have been willing to work collaboratively and creatively to contain costs and preserve jobs. The proposed budget implements the increases in the collective bargaining agreements and continues the premium sharing for health

METRO VALUES:
Public Service
Excellence
Innovation
Respect
Teamwork
Sustainability

benefits. Non-represented staff has taken the lead in these cost containments, and new employees represented by the AFSCME 3580 group will begin paying the employee portion of PERS in July.

Resources

Is Metro moving the resource dial?

The proposed budget continues to use public resources to support and leverage development efforts and awaits additional recommendations from the Community Investment Initiative's Leadership Council. The Council will also consider how to provide for and fund the long term care and maintenance of the parks and lands the voters have entrusted to us.

The proposed budget makes some calculated capital investments that offer the potential for future revenues. These include reinvestment at Glendoveer Golf Course, implementation of the cemetery business plan with a new cremation inurnment site and a look at the long term future of the Oxbow site. The budget proposes staff time and resources to confirm the structural status of the older Expo buildings and to assess alternatives strategies for securing a large hotel room block to boost convention bookings.

And finally, the proposed budget includes resources to engage our citizens, and particularly our more underserved citizens, in new ways. At Metro making a great place means making a great place for everyone.

Public trust is the greatest resource

One of our greatest resources is public trust. As Budget Officer I am required to propose a balanced budget for your consideration. The FY 2012-13 budget is shaped for the future. The Council's guidance was vital to its development, and I am grateful to the Senior Leadership Team and the staff for making the tough decisions needed. These are difficult choices, and we propose them as responsible stewards of public resources not only for next year, but for the region's future.

I look forward to your deliberations.

Sincerely,

Martha J. Bennett

Chief Operating Officer

Highlights from the FY 2012-13 Proposed to Adopted Budget

Every budget has its distinctive stages, from the early guidance provided by the Metro Council prior to the formal proposing of the budget, from the series of public hearings to the review by the Tax Supervising and Conservation Commission (TSCC), from the proposing of amendments to the final adoption.

A new Chief Operating Officer, serving as Budget Officer, presented the budget on April 19, 2012, a somewhat later schedule than in previous years. The extended scheduled allowed the Budget Officer to conduct focused Council budget guidance work sessions throughout the fall and winter, and allowed departments additional time to prepare budget requests that incorporated this guidance. As a result, changes to the proposed budget were limited and mostly technical in nature.

Councilor Amendments

The Metro Council approved one amendment and three budget notes proposed by its members.

Pedestrian Facilities Data Project

The Regional Transportation Plan includes performance standards and goals relating to provision of pedestrian facilities that cannot be measured due to poor data. The Council approved a budget amendment to collect and standardize information on pedestrian facilities so that progress toward regional goals can be measured as well as guiding programming of funds. Rather than delivering static data with no maintenance strategy, this project will include a plan to collaborate with regional partners to keep a refined short list of data current for future research needs. Once a common methodology for collecting and organizing pedestrian data has been established, resources that are currently being spent on scattered local projects will be more easily leveraged to support regional data maintenance and distribution. The Council authorized a half-time, limited duration position for one year for this project, tapping the Opportunity Fund for $60,000. The beginning balance of the Opportunity Fund has been reduced to $440,000.

Budget Notes

Three budget notes provide direction to the Chief Operating Officer to provide additional detail or policy proposals to clarify certain expenditures.

Budget Note – Community Investment Initiative

The Metro Council will approve a program work plan for Metro's involvement in the Community Investment Initiative during the first quarter of FY 2012-13, which will identify key direction and decision points for the Metro Council.

Budget Note – Opportunity Fund

The Chief Operating Officer will prepare for Council consideration a proposal establishing criteria for evaluating proposed uses of an Opportunity fund (or successor name) and the process for authorizing its use.

Budget Note – One time expenditures

The Chief Operating Officer will prepare for Council consideration a proposal for establishing the guidelines for a spending plan for Reserve for Future One-Time expenditures (or successor name) as part of the regular budget process.

Technical Adjustments

Technical amendments generally reflect changes in currently approved activities that, for a variety of reasons, did not conclude in the prior year as planned. Many technical adjustments reflect the continuation of capital projects delayed by permitting, weather and the availability of construction materials as scheduled. Other non-capital amendments reflect obligations Metro has undertaken contractually for projects or grant awards not yet concluded. Finally, technical amendments may update or correct information that was not available when the budget was proposed.

The most significant technical amendment reflected Metro's very successful bond sale which closed on June 6, 2012. Metro issued $140 million in new bonds and refunded the 2002 Open Spaces bonds. The sale resulted in premiums of $14.7 million for the Natural Areas bonds and $10.4 million for the Oregon Zoo Infrastructure bonds over and above the par value of the bonds. In addition, the very favorable True Interest Cost of 2.2711 percent reduced the anticipated debt service. The technical amendment reflected the premiums in increased beginning and ending fund balances for FY 2012-13 and lowered the General Obligation debt service levy by almost $14 million. The new issues reduced the anticipated tax rate from 19 cents to 12 cents for the Natural Areas bonds and from 9 cents to 6 cents for the Oregon Zoo bonds. The refunding saved the tax payers an additional $2.6 million and changed the payment dates which eliminated the need to levy advanced payments for the following year for those obligations scheduled prior to receipt of tax funds.

Other technical amendments included carrying forward $400,000 for the completion of the diesel retrofit grant program, as well as $400,000 for renewal and replacement projects underway across the agency but not yet completed. In addition, amendments carried forward almost $1 million in capital project and program adjustments for the MERC venues; and reserved $200,000 in unanticipated fund balance for Oregon Zoo small capital projects.

Federal Transportation Funding

As the budget was being adopted, the United States Congress concluded a short term reauthorization of federal funds. The result will ease funding somewhat in FY 2013-14 but will not entirely resolve the overall projected shortfall in federal dollars. The five-year outlook remains constrained.

External Review

Metro's budget process provides many opportunities for public review and comment. In addition the TSCC of Multnomah County conducted a public hearing on June 7, 2012, and certified that Metro has prepared a proper tax levy and budget. The TSCC observed that Metro's successful bond sale would result in a tax levy lower than what was authorized at the time of the hearing.

Financial Policies produced measureable results

Each year, as part of the budget adoption, the Metro Council reviews and readopts its key financial policies, its capital asset management policies and its investment policies. These policies are the backbone of Metro's financial accountability and transparency. By operating within this framework Metro has demonstrated that it is an admirable steward of the public's financial and physical assets, that it delivers on the promises made to the voters, and that it weighs the risks and benefits of its decisions carefully.

This year Metro's discipline around its financial policies and management paid additional dividends. As Metro prepared for its May bond sale, its financial standing was reviewed by the top two bond rating agencies, Standard & Poor's and Moody's Investors Services. Both agencies confirmed Metro's AAA/Aaa ratings. The ratings reports emphasized the strong financial reserves of the agency, the low debt ratio and the significantly broad tax base. Standard & Poor's also upgraded Metro's financial management from good to strong, citing Metro's adherence to its financial policies even during the downturn. The ratings and the ratings reports qualified Metro as an attractive, high grade credit which translated into a low interest rate and attractive debt structure for Metro's taxpayers when the bonds sold. The $25 million premium will allow the Natural Areas program to deliver more to the voters than promised by acquiring additional acreage because of the favorable structure. The zoo's construction plan is spread out over 6-8 years, making it vulnerable to escalating construction costs as economic recovery occurs. The additional premium provides an extra margin of safety. If either program determines that the premium exceeds the amount Metro needs to deliver on its bond promises, we can recommend not issuing some or all of the remaining debt authorization in 2015.

Staying the course is hard work

As we prepare to execute the FY 2012-13 budget, we acknowledge that some difficult choices were made in preparing this budget, particularly for Planning and Development. We continue to make progress in closing the five-year gap for our operating funds, and we know additional discipline will be required to reach final resolution. The financial policies provide that framework for deliberative decision making and strategic choices.

Sincerely,

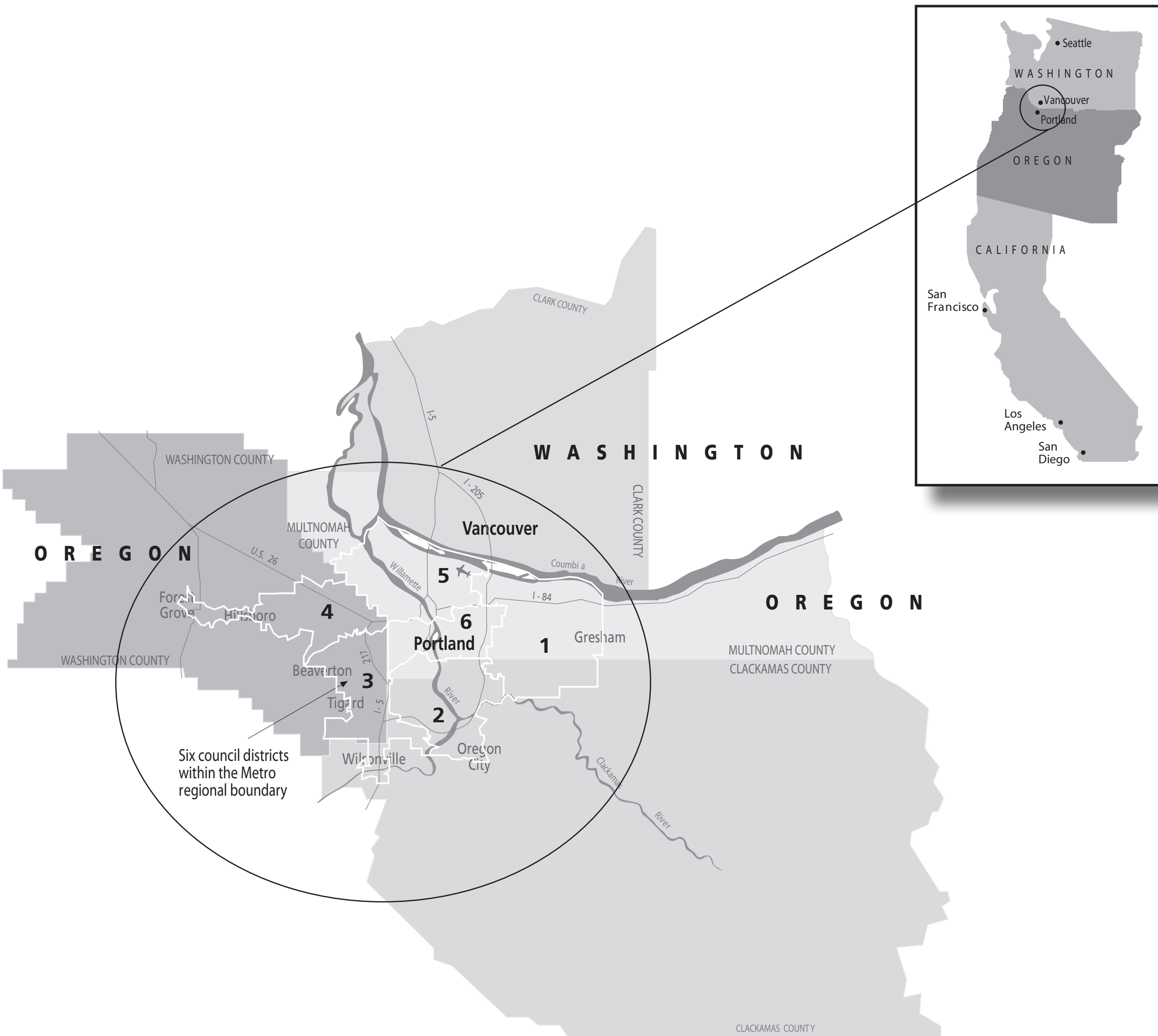
Margo Norton

Finance and Regulatory Services Director

July 1, 2012

Metro

What is Metro



Every 10 years, following the completion of the U.S. Census, the Metro Council adjusts the district boundaries as necessary to provide for equal representation. The Metro Council adopted new district boundaries to be effective January 3, 2013. The above map shows the boundaries as of July 1, 2012.

What is Metro

Few metropolitan areas can boast the combined advantages found in the Portland metropolitan area. Thriving communities, cultural amenities, economic vitality, scenic beauty and healthy natural ecosystems make this a great place to live, work and play. For the region's leaders and citizens alike, nurturing this livability is a constant quest. Metro plays a unique and leading role in that effort.

Metro crosses city limits and county lines to make our communities safe, livable and ready for tomorrow. From protecting our region's air, water and natural beauty to supporting neighborhoods, businesses and farms that thrive, Metro makes this a great place. Metro serves more than 1.6 million residents in Clackamas, Multnomah and Washington counties, and the 25 cities in the Portland, Oregon metropolitan area. Metro, the only directly elected regional governing body in the United States, is governed by a president, elected region wide, and six councilors elected by district. Its home rule charter, approved by the voters in 1992 and amended in 2000, grants broad powers, primarily for regional land use and transportation planning, but also for issues of metropolitan concern. The charter also insists that the Metro Council be elected, visible and accountable.

Metro embodies the region's commitment to maintain and enhance the livability and sustainability of the region. A regional approach simply makes sense when it comes to protecting natural areas, caring for parks, planning for the future of our neighborhoods, managing garbage disposal and increasing recycling. Metro manages world-class facilities such as the Oregon Zoo, which contributes to conservation and education, and the Oregon Convention Center, which benefits the region's economy.

HISTORY

Metro was first formed in 1979 when voters approved the merger of the Columbia Region Association of Governments (CRAG) with the Metropolitan Service District. CRAG was responsible for land use and transportation planning, and the Metropolitan Service District provided regional services that included management of the solid waste and operation of the region's zoo. An elected Council and an elected Executive Officer governed the new Metropolitan Service District. The Metro Council had the combined authorities of the two merging agencies and additional powers.

Over the years the Oregon Legislature has assigned additional responsibilities to Metro with concurrence of the jurisdictions within Metro's boundary. In 1980 Metro became responsible for regional solid waste disposal when it took over operation of one existing, publicly owned regional landfill and began construction of a solid waste transfer station. In November 1986 voters approved general obligation bond funding for the Oregon Convention Center, to be built and operated by Metro. In January 1990 Metro assumed management responsibility for the Portland Center for the Performing Arts, Portland Civic Stadium and Portland Memorial Coliseum (though management of the latter two facilities has since returned to the City, which turned them over to private management companies). Metro assumed management responsibility for the Multnomah County parks system and the Portland Expo Center in 1994. Ownership of these facilities was officially transferred to Metro on July 1, 1996.

CHARTER APPROVAL

A significant development in Metro's history occurred with the voter approval of a home rule charter in 1992. Prior to that time Metro was organized under a grant of authority by the Oregon Legislature and the Oregon Revised Statutes. Metro's powers were limited to those expressly granted by the legislature, and any extension of that authority first had to be approved by the legislature.

With the growth of the region however, and Metro's increasingly important role, the region recognized that the power and authority of the regional government should be controlled directly by the voters of the region and not the state. In 1990 the legislature referred a constitutional amendment to the voters to allow the creation of a home rule regional government in the Portland metropolitan area. Voters approved the amendment and a charter committee was formed shortly thereafter. In 1992 Metro's charter was referred to and approved by the voters. Metro thereby achieved the distinction not only of being the nation's only elected regional government (as it had been since 1979), but also the only regional government organized under a home rule charter approved by voters.

In November 2000 voters in the region approved an amendment to the Metro Charter abolishing the position of an elected Executive Officer. On Jan. 6, 2003, a new regionally elected Council President absorbed or delegated the authorities and functions previously vested in the Executive Officer.

REGIONAL LEADERSHIP AND SERVICE

Self-sufficiency

About half of Metro's operating revenues come from fees paid by customers for the use of Metro's facilities or for services such as recycling and solid waste disposal. Other revenues include grants, intergovernmental funds, property taxes for voter-approved bond issues and a small permanent tax base ($11.7 million), which is allocated annually through the budget process.

Making a great place

Metro has emerged as a leader of regional initiatives — a collaborative partner, facilitator, technical assistance provider, process manager and advocate. For example, Metro's Making a Great Place initiative demonstrates how new and renewed urban centers can integrate housing, shopping, businesses and recreation with pedestrian-friendly streets and easy access to transportation. Metro has also involved regional homebuilders in the Nature in Neighborhoods program, teaching them how to develop projects that minimize water runoff and impacts on natural areas. Metro and its county partners recently reached an historic collaborative agreement to guide the future growth of the region for the next 50 years, setting aside 28,000 acres for future development if needed and protecting 270,000 acres of farms, forests and natural areas.

Metro provides a rich mix of the region's public places where people are invited to gather to enjoy recreation, education and entertainment. The Metro Council-appoints the Metro Exposition Recreation Commission (MERC) to advise the Council and oversee public assembly facilities including the Oregon Convention Center, Portland Center for the Performing Arts and Portland Expo Center. These venues host hundreds of events each year, drawing millions of people.

Metro every day

Metro policies, programs and services are woven into the fabric of the region's life. They are the common threads that connect neighborhood wetlands, the Portland Expo Center antique shows, penguins at the Oregon Zoo, recycled newspapers, extensive bike paths and live symphony performances at the Arlene Schnitzer Concert Hall.

Additionally, Metro has been a leading player in preserving and expanding the natural areas available to the people of our region. This includes an interconnected system of parks, trails and greenways. Today, Metro's inviting system of regional parks and natural areas includes Smith and Bybee Wetlands Natural Area, a 2,000-acre freshwater wetland in North Portland, and Oxbow Regional Park, a 1,200-acre forested natural area on the Sandy River east of Gresham. In January 2010 Metro acquired 1,143 acres of forestland in the Chehalem Mountains of the Tualatin Valley – the largest acquisition in the history of the Metro region's two voter-approved natural area bond measures. The new Chehalem Ridge Natural Area is one of the metropolitan area's biggest remaining swaths of undeveloped forest. At about the size of Oxbow Regional Park, the property is positioned to protect water quality and wildlife habitat in the Tualatin River Basin and serve as a scenic and recreational resource for the region.

Regional Planning and Stewardship

Metro has a primary responsibility for regional land use and transportation planning. The centerpiece of this responsibility is the 2040 Growth Concept. It guides management of the Urban Growth Boundary, efficient use of land, protection of farmland and natural areas, a balanced transportation system, a healthy economy and diverse housing options. Metro has recently completed a three-year engagement process with its regional partners and the public to update the 2040 Plan. Called "Making a Great Place," this plan update forged unprecedented agreements that determine the location and scale of urban development for the next 50 years. These same agreements determine which natural features are protected from development and which lands the region believes are most valuable maintained as farms and forests over that same time period.

Green Choices

Metro's concern for sustainability goes beyond what is integrated in conservation, recycling and regional planning programs. Metro also teaches the community about green choices in building and street design and natural gardening and recycling as ways to improve quality of life and leave a smaller environmental footprint. This is done through partnerships, seminars, publications, demonstration projects, clinics, tours and in-school presentations for teachers and students.

Waste Management and Recycling

Metro manages the region's solid waste system, which includes a renowned curbside residential recycling program. The agency owns and operates two solid waste and recycling transfer stations, which have household hazardous waste facilities. Metro also offers a toll-free recycling hotline, which helps people learn to recycle everything from yard debris to old paint.

Metro Charter

A home rule charter defines Metro's structure, assigns its working priorities and grants the power necessary to achieve its priorities. A home rule charter is a grant of power directly from the citizens of the jurisdiction rather than a grant of power from a legislature or some other body.

The voters of the region approved a home rule charter for Metro in 1992 and a charter amendment in 2000. Prior to the amendment, Metro was governed by a seven-member Council that was responsible for the policy direction of the organization and for legislative oversight of management activities. A regionally elected Executive Officer was responsible for carrying out the policy directives of the Council, day-to-day management of the organization and recommending policy initiatives to the Council. As a result of the charter amendment, effective Jan. 6, 2003, the Council and Executive offices were consolidated. Under the new structure, the number of districts and the number of Councilors were reduced to six. A regionally elected Council President presides over the Council, sets the policy agenda for the Council and has the authority to appoint all members of Metro committees, commissions and boards. A Chief Operating Officer is appointed by the Council President with Council consent and is responsible for day-to-day management of Metro.

The Metro charter also created the elected position of Metro Auditor. The Metro Auditor is responsible for engaging Metro's independent, outside financial auditor and for conducting performance and management audits of Metro operations and functions.

The home rule charter sets Metro's working priorities. Metro's primary responsibility under the charter is regional land use planning. To this end, Metro was required to adopt a future vision for the region. The Metro Council adopted the future vision document on June 15, 1995.

State law requires Metro to develop regional land-use goals and objectives. The Metro Council adopted Regional Urban Growth Goals and Objectives (RUGGO) in 1991. RUGGO provided a policy framework for guiding Metro's regional planning program and established a process for coordinating local planning in the region to maintain the region's livability.

In December 1995 the Metro Council adopted the 2040 Growth Concept which encourages compact development near existing or future transit centers to reduce land consumption. The concept encourages preservation of existing neighborhoods and identifies rural reserves as areas not subject to urban growth boundary expansion to serve as buffers between urban areas. The growth concept sets goals for providing permanent open space areas inside the urban growth boundary and recognizes that neighboring cities will grow and that cooperation is necessary to address common issues. On Dec. 11, 1997, the Council adopted the more detailed Regional Framework Plan (incorporating RUGGO), which specifies how the region will implement the 2040 Growth Concept.

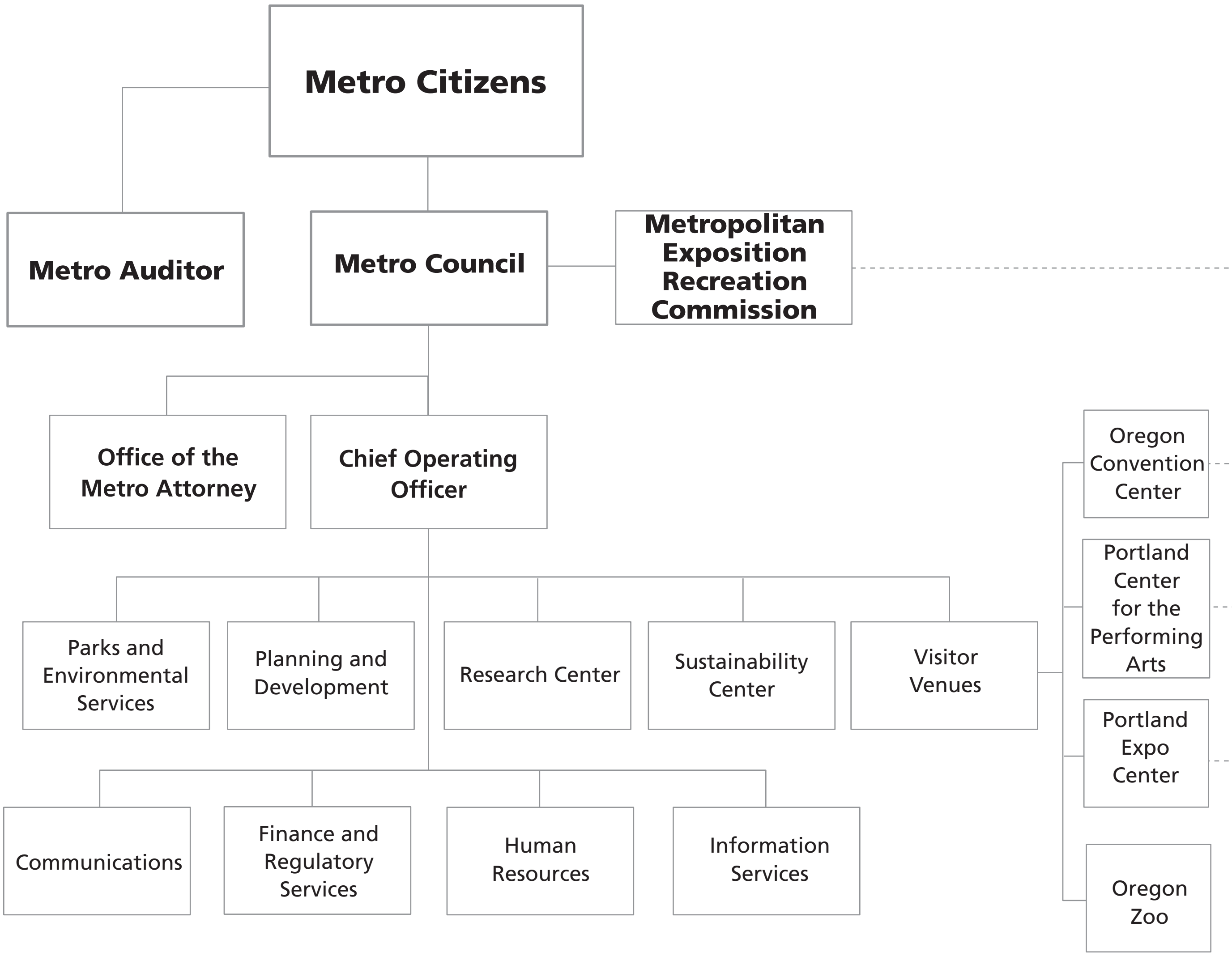
In June 2010 elected leaders from Clackamas, Multnomah and Washington counties and Metro worked together to identify the best places for future growth in the region and the most important lands to protect from development for the next half century. Because of the collaborative work, 266,954 acres of farms, forests and natural areas were set aside as rural reserves and 28,615 acres of land best suited for future urban development were designated as urban. This unprecedented agreement provides certainty for people on both sides of the urban growth boundary.

Although the charter makes regional land use planning Metro's primary responsibility, it also recognizes the significant role Metro has in other regional issues such as solid waste disposal, and the operation and development of regional recreation and visitor facilities such as the Oregon Zoo, the Oregon Convention Center and regional parks and open spaces.

Finally, the charter recognizes that regional government and regional issues evolve over time. The charter grants Metro authority to assume responsibility for issues of metropolitan concern. This allows Metro to work with local jurisdictions as needed to develop common solutions to problems that may exceed local boundaries and may be more difficult to address at the local level.

In addition to defining Metro's structure and priorities, the charter gives Metro the tools necessary to meet its financial resource needs. The charter gives Metro authority to ask voter approval for broad-based revenue sources. These sources include traditional revenues such as property tax, sales tax or income tax. The charter grants Council authority to adopt taxes of limited applicability without a vote of the people. The charter requires the Council to appoint a citizen review committee when it is considering the adoption of a new limited tax. These niche taxes could include a broad list of revenue sources levied on limited activities such as cigarette sales, real estate transfers, hotel/motel occupancy, etc. Expenditures from non-voter approved revenue sources are limited by charter to no more than $12.5 million per year (in 1992 dollars). This expenditure limitation increases in each subsequent fiscal year by a percentage equal to the rate of increase in the Consumer Price Index (additional information on this charter limitation is available in the *Appendix* of this budget). Metro's FY 2012-13 budget authorizes approximately 93 percent of the expenditure limitation, funded by excise tax and construction excise tax. The charter grants Metro the authority for levying fees and charges for services it provides on an enterprise basis.

Organizational structure



Elected officials	Position	Service began	Current term expires
Tom Hughes	Metro Council President	January 2011	January 2015
Shirley Craddick	Councilor- District 1	January 2011	January 2015
Carlotta Collette	Councilor- District 2	November 2007	January 2015
Carl Hosticka	Councilor- District 3	January 2001	January 2013
Craig Dirksen	Councilor elect- District 3	January 2013	January 2017
Kathryn Harrington	Councilor- District 4	January 2007	January 2015
Rex Burkholder	Councilor- District 5	January 2001	January 2013
Sam Chase	Councilor elect- District 5	January 2013	January 2017
Barbara Roberts	Councilor- District 6	February 2011	January 2013
Bob Stacey	Councilor elect- District 6	January 2013	January 2017
Suzanne Flynn	Metro Auditor	January 2007	January 2015

Organizational Structure

Metro's organizational structure includes three offices (Metro Council, Metro Auditor and Metro Attorney), Visitor Venues (Oregon Convention Center, Portland Metropolitan Exposition Center, Portland Center for the Performing Arts and Oregon Zoo) and eight centers and services (Parks and Environmental Services, Planning and Development, Research Center, Sustainability Center, Communications, Finance and Regulatory Services, Human Resources and Information Services).

Office of the Council

The Metro Council is the governing body of Metro. It provides leadership from a regional perspective, reflects an ongoing, innovative planning orientation, and focuses on issues that cross local boundaries and require collaborative solutions.

The Office of the Council consists of the Council President and six Councilors, the Chief Operating Officer, Government Affairs and Policy Development and the Community Investment Initiative. The Council sets the overall policy direction and provides legislative oversight of management activities for the agency. The Council President presides over the Council, sets the policy agenda and has the authority to appoint all members of Metro committees, commissions and boards. The Chief Operating Officer, appointed by the Council President with Council consent, is responsible for the day-to-day management of the organization. The Council Office also provides staffing for the Metro Policy Advisory Committee.

Metro Auditor

The elected Auditor and staff make up the Office of the Metro Auditor. The Auditor is responsible for engaging the external financial auditing firm while focusing staff efforts on performance audits.

Office of Metro Attorney

The Office of Metro Attorney provides legal services to the Council, Chief Operating Officer, Auditor and Metro organizational units. This office includes the due diligence portion of the regional Open Spaces and Natural Areas acquisition programs.

Visitor Venues

A visitor venues group, including the Oregon Convention Center, the Portland Center for the Performing Arts, the Portland Metropolitan Exposition Center and the Oregon Zoo, reports to the General Manager of Visitor Venues. Nearly two-thirds of the permanent and part time staff at Metro are in the business of providing direct service to venue customers, and the four visitor venues are similar in the enterprise activities, services, customers and skills needed for success. An executive management team consisting of the four venue directors focuses on how best to apply strategies, resources and staff strengths to benefit all Metro's enterprise venues. The General Manager plays a leadership role in maintaining and improving Metro's relationships with the City of Portland and Multnomah County; non-profit conservation and education groups; and private sector partners in the lodging and rental car industries.

MERC Venues

The Metro Exposition Recreation Commission (MERC) was established in 1987 and provides citizen oversight for the Oregon Convention Center, the Portland Center for the Performing Arts (PCPA) and the Portland Metropolitan Exposition Center (Expo). The PCPA was transferred to Metro's management from the City of Portland in 1990 when the Convention Center opened. Management of the Expo Center was transferred to Metro from Multnomah County in January 1994, with ownership of the facility transferred in July 1996. A seven-member commission advises the General Manager and Metro's COO. The commissioners are appointed by Metro to serve four-year terms. While the visitor venues will benefit from guidance from the Metro Exposition Recreation Commission, the commission has does not oversee the Oregon Zoo.

Oregon Zoo

The Oregon Zoo contributes significantly to the livability of the Portland metropolitan area and provides important conservation education learning opportunities to people of all ages. The zoo strives to motivate people to care and act on behalf of wildlife by offering opportunities for observation, discovery and engagement. The zoo serves as a regional conservation, education and recreational resource, enhancing the quality of life and assisting in economic development as a tourist attraction and community asset. As the state's top paid attraction, the zoo draws approximately 1.6 million visitors annually.

Parks and Environmental Services

Parks and Environmental Services manages Metro's parks, natural areas, solid waste facilities and the Metro Regional Center. Parks and natural areas management focuses on the provision of accessible regional open spaces, parks and trails, including Metro's cemeteries, golf course and marine facilities. The service also manages the region's solid waste in an effective, economical and environmentally sound manner, overseeing the operation of two Metro-owned regional solid waste transfer stations, operating two householdhazardous waste facilities, managing contracts for the transport and disposal of waste brought to the regional transfer stations and developing the Regional Solid Waste Management Plan.

Planning and Development

Planning and Development facilitates the creation of great places in centers and corridors and throughout the region. It manages the regional urban growth boundary, the primary urban growth management tool mandated by state land-use planning laws. Planning and Development is also responsible for regional transportation planning, which includes preparing the Regional Transportation Plan, securing and allocating federal highway and transit funds for the region and conducting all regional transit and light rail planning under contract with TriMet, the regional transit agency.

Research Center

The Research Center supports the Metro Council, Metro staff, external clients and the public by providing information, mapping and technical services to support public policy and regulatory compliance. The center coordinates data and research activities with government partners, academic institutions and the private sector. In addition, the regional economic and travel forecasts provided by the Research Center meet federal and state requirements for consistent, accurate and reliable data and forecasting tools.

Sustainability Center

The mission of the Sustainability Center is to demonstrate and inspire sustainable stewardship of the region's natural resources. The center focuses on the provision of accessible natural areas, parks and trails and the maintenance and enhancement of environmental quality. It also promotes sustainable management of resources through waste reduction initiatives, youth and adult education and volunteer opportunities, grants and demonstration projects.

Communications

Communications provides communication services to advance Metro Council policy initiatives and Metro organizational unit-led planning and stewardship efforts, public education campaigns, facilities and services. The disciplines represented range from media relations, journalism, marketing, graphic design and web design through event planning and issue management. It also provides support to the Metro Committee for Citizen Involvement.

Finance and Regulatory Services

Finance and Regulatory Services provides financial management services for Metro's elected officials, operating departments, employees and the public. FRS includes Accounting, Budget and Financial Management, Procurement, Risk Management, Solid Waste Compliance and Cleanup and Solid Waste Policy and Compliance. It provides accounting services for the agency; coordinates the preparation, monitoring, and implementation of the agency's annual budget and five-year capital budget; manages debt; performs long-range financial planning; administers Metro's risk management program; coordinates the agency's decentralized purchasing system; manages the Emerging Small Business and Minority- and Women-Owned Business program; regulates solid waste facilities; and directs solid waste rate setting and tax compliance.

Human Resources

Human Resources exists to help its customers fulfill business requirements by positioning Metro's work force for the future. It provides assistance in the areas of recruitment and staff development, classification and compensation, labor and employee relations, benefits administration and manages the agency's Human Resource Information System.

Information Services

Information Services supports Metro's vision, goals and business processes by providing technology based leadership, consulting and direct services. This is accomplished through the support and development of enterprise, operational and custom applications, records management and management of Metro's network infrastructure, as well as development of policies and procedures for access to information within the agency.

METRO ADVISORY COMMITTEES

Metro's charter requires three advisory committees:

Metro Policy Advisory Committee: A committee consisting of representatives of local government and citizens to provide advice and consultation to the Metro Council on the Regional Framework Plan and approval or disapproval of Metro's provision or regulation of a local government service.

Metro Committee for Citizen Involvement: A citizen committee assisting in the development, implementation and evaluation of Metro's citizen involvement activities and advising on ways to involve citizens in regional planning activities.

Metro Exposition Recreation Commission: Made up of business and civic leaders committed to the region's cultural and economic vitality, the Metro Exposition and Recreation Commission works to protect the public investment in Metro's visitor venues.

METRO BOND OVERSIGHT COMMITTEES

Both the 2006 Natural Areas Bond and the 2008 Oregon Zoo Infrastructure and Animal Welfare Bond programs include an oversight committee requirement. The Natural Areas Program Performance Oversight Committee includes citizens from throughout the region representing the fields of finance, auditing, accounting, real estate, banking, grant making and law. The 15-member committee is charged with providing the Metro Council and the citizens of the region an independent, outside review of the program in order to help Metro achieve the best results for clean water, fish, wildlife and future generations.

The Oregon Zoo Bond Citizens' Oversight Committee was created to provide a third-party review of the voter approved Oregon Zoo Infrastructure and Animal Welfare Bond program to the Metro Council and citizens. The committee looks at how decision-making occurs and how business is conducted, as well as determines whether the program is on the right path in terms of structure, management, expenditures, personnel and achievement of defined goals. Members include professionals with experience in construction, sustainability, animal welfare, labor, finance, public budgeting and auditing, and general business.

Metro milestones

1979 Columbia Region Association of Governments combines with the Metropolitan Service District to form Metro. Functions include solid waste and transportation planning, zoo operations and management of the urban growth boundary.

Joint Policy Advisory Committee on Transportation formed and staffed by Metro's Transportation Planning Department.

Transfer of the ownership and operation of the Washington Park Zoo to Metro.

1980 Solid waste operations (including the management of the St. Johns Landfill) added to Metro's functions.

1983 Clackamas Transfer and Recycling Center (now named Metro South Transfer Station) opens.

1986 Voters approve $65 million general obligation bond issue to build the Oregon Convention Center.

1987 Metropolitan Exposition Recreation Commission established.

1988 Metro assumes responsibility of appointing members of the Portland Metropolitan Area Local Government Boundary Commission.

1989 Attendance at the Metro Washington Park Zoo breaks the one million mark.

1990 Metro assumes management responsibility for the Portland Center for the Performing Arts, Civic Stadium and Memorial Coliseum.

Columbia Ridge Landfill opens near Arlington to replace the St. Johns Landfill and serve the Portland metropolitan region.

Voters approve tax base for the Metro Washington Park Zoo.

Metro issues $28.5 million in solid waste revenue bonds to construct the Metro East Transfer Station (now named Metro Central Transfer Station).

Metro initiates an excise tax on its own enterprise operations.

Oregon Convention Center opens for business and exceeds projected use and economic projections.

Voters approve amendment to the Oregon Constitution allowing creation of a home-rule regional government in the Portland metropolitan region and the creation of a charter committee.

1991 Metro Central Transfer Station opens.

1992 Voters approve a new home-rule charter for Metro, identifying Metro's primary mission, revising Metro's structure, and formally changing the name of the organization from Metropolitan Service District to Metro.

1993 Management of the Memorial Coliseum is returned to the City of Portland and subsequently transferred to the management of the Oregon Arena Corporation.

1994 Metro assumes management responsibility for the Multnomah County parks system and the Portland Expo Center.

Region 2040 Concept Plan adopted.

1995 New seven-member Metro Council, Executive Officer and Auditor take office under home rule charter.

Voters approve $135.6 million general obligation bond measure to acquire and protect open spaces, parks and streams.

2040 Growth Concept and Future Vision adopted.

1996 Transfer of ownership of the Multnomah County Parks and Portland Expo Center to Metro.

Voters approve $28.8 million general obligation bond measure to fund construction of the Great Northwest Project at the Metro Washington Park Zoo.

Urban Growth Management Functional Plan adopted.

1997 Open Spaces bond acquisition: 2,323 acres.

1998 Metro Washington Park Zoo renamed the Oregon Zoo.

The Washington Park light rail station serving the Oregon Zoo opens.

Great Northwest Phase II opens at Oregon Zoo, including new entrance designed with mountain goat exhibit, catering and restaurant facilities and new gift shop.

1999 Open Spaces bond acquisition: 4,400 acres.

2000 Voters approve charter amendment eliminating the Executive Officer position, establishing a regionally elected Council President and reducing council districts from seven to six.

Steller Cove opens at the Oregon Zoo, setting a new attendance record of 1.2 million visitors.

2001 The reconstructed Expo Hall D opens, adding 72,000 feet of modern exhibit space, new meeting rooms and a full service commercial kitchen. Expo now offers 330,000 square feet of exhibition space and 3,000 parking spaces on a 60-acre campus.

Work on the Oregon Convention Center expansion project begins. The expansion will provide an additional 105,000 square feet of exhibit space, 35,000 square feet of ballroom space and 30,000 square feet of meeting room space.

Open Spaces bond acquisition: 6,933 acres.

Oregon Zoo achieves record-breaking attendance of more than 1.3 million visitors.

2002 Election of new Council President reflecting changes to the Charter adopted by the voters in November 2000.

2003 On Jan. 6, 2003, a new regionally elected Council President absorbs or delegates the authorities and functions previously vested in the Executive Officer.

Work on the Oregon Convention Center expansion is completed, opening to the public in April 2003.

The state Land Conservation and Development Commission approves the Metro Council's recommendation to bring an additional 18,617 acres into the urban growth boundary.

The first endangered California Condors arrive at the Oregon Zoo's Condor Creek Conservation Facility.

2004 Interstate MAX Yellow Line opens, connecting the Expo Center to the Rose Quarter Transit Station.

The first Condor egg is produced at the Oregon Zoo Condor Creek Conservation Facility.

Oregon Zoo opens Eagle Canyon Exhibit and the Trillium Creek Family Farm, completing Phase IV of the Great Northwest Project.

2005 In April 2005 Metro Council creates Nature in Neighborhoods, an initiative to restore and protect regional habitat and greenspaces.

Open Spaces bond acquisition: 8,131 acres.

Tusko, a 13,500-pound, 33-year-old male Asian elephant arrives to join Packy and Rama in the Oregon Zoo's bull elephant group.

2006 Construction Excise Tax collections begins on July 1, 2006.

Metro awards $560,000 in Nature in Neighborhoods grants to local organizations for projects to protect fish and wildlife throughout the region.

Voters approve a $227.4 million bond measure directing Metro to purchase natural areas, parks and streams.

2007 Metro achieves a bond rating of Aaa from Moody's Investors Service as well as a re-affirmation of its AAA rating from Standard & Poor's.

Metro awards $420,000 in Nature in Neighborhoods grants.

Oregon Zoo attendance reaches 1.5 million, representing a 10 percent increase over the previous record, set in FY 2000-01.

Metro Council enacts the Enhanced Dry Waste Recovery Program, to increase the amount of materials recycled or recovered from construction and demolition projects.

MetroPaint, the Northwest's only 100 percent recycled latex paint, receives the first recycled paint certification from Green Seal™, an independent environment standards certifying organization.

Metro, the City of Portland Office of Sustainable Development and Clackamas, Washington and Multnomah counties collaborate to launch a Green Building Hotline to provide information about strategies, resources and financial incentives for green building.

The household hazardous waste roundups conclude a record year with the total customer count at 12,909 customers.

The Oregon Legislature approves Senate Bill 1011, enabling Metro and the counties of the region to establish urban and rural reserves that provide greater predictability regarding where future growth may be accommodated and what valuable farm and forestland will be protected.

2008 Metro's new online home, *www.oregonmetro.gov*, provides a fresh look, improved navigation tools and more resources for residents of the region.

Nature in Neighborhoods program conducts Integrating Habitats design competition with more than 100 teams from around the world submitting designs for homes, residential infill and mixed-use developments with the natural environment in mind.

Metro adopts a resolution officially recognizing that sustainability will guide all Metro policies and programs.

Acquisition of approximately 480 acres with Metro's Natural Areas initiative during FY 2007-08, including a first acquisition in the Stafford Basin.

MetroPaint is named a 2008 Top 10 Green Product by Sustainable Industries business magazine.

Metro opens Mt. Talbert nature park, which stretches from Portland's Rocky Butte southward to the Clackamas River. Mt. Talbert is the largest of the undeveloped buttes in northern Clackamas County.

2008 Metro launches the Sustainable Metro Initiative, a multi-faceted reorganization that aligns Metro with organizational wide values.

2009 Metro acquires Peach Cove Fen, a rare type of wetland that includes a shallow lake with a floating peat mat. Peach Cove Fen is the only remaining fen of its kind in the Willamette Valley.

Metro awards $250,000 in Nature in Neighborhoods grants to fund 13 projects throughout the region.

2009 Cooper Mountain, a restored 231-acre nature park complete with nature house and three and a half miles of trails, opens to the public.

Metro Council extends the construction excise tax for an additional five years, to provide funding for planning of future expansion areas, future urban reserves and planning that enables redevelopment of centers, corridors and employment areas within the existing Urban Growth Boundary.

Metro teams-up with Portland-based Miller Paint Co. Inc. to carry MetroPaint recycled latex in all of the retailer's 20 Portland-area stores.

Oregon Zoo sets yet another attendance record with more than 1.6 million visitors.

The zoo opens the *Predators of the Serengeti* exhibit, bringing lions back to the zoo.

Metro and its partners launch The Intertwine, complete with logo, phase one web site and widespread regional support.

The Oregon Zoo hosts the Association of Zoos & Aquariums conference with more than 1,700 attendees.

Record attendance at PCPA's Summer Arts on Main series.

Zoo reaches record-breaking attendance of 1,634,978 in FY 2009-10 — the highest figure in the zoo's 123-year history.

Economic impact study show MERC visitor venues have fiscal impact of $522 million.

2010 Metro collaborates with counties, cities and a wide variety of stakeholders to reach agreements on the Urban and Rural Reserves that protect 270,000 acres of farms, forests and natural areas and provide up to 28,000 land for growth if needed.

Metro completes construction on five transit-oriented development (TOD) projects, totaling 285 housing units and 30,000 square feet of commercial space; initiated construction on one new TOD project and secured funding approval for four new TOD projects; initiated a strategic plan for the TOD program to guide future investments.

Sustainability Center secures a $1.4 million grant to construct a pedestrian/bike bridge to connect North Portland with Smith and Bybee Wetlands Natural Area.

Metro receives $200,000 to fund restoration and acquisition of wetlands as part of a consortium award $1 million North American Wetland Conservation Act grant.

PCPA reduces facility rental rates and user fees for all resident arts companies to provide financial assistance in a challenging economic downturn.

Metro is named the contracted service provider for PaintCare, the paint industry's nonprofit corporation for managing the state's left over paint.

Zoo *Red Ape Reserve* exhibit opens.

Completes 10 natural area acquisitions, with a total of 1,427 acres, including Chehalem ridge and the first-ever acquisitions in Deep Creek and Clackamas River Bluffs target areas.

Completes restoration efforts at 61 natural area sites.

Records nearly 20,000 volunteer hours, a 6 percent increase over last year; number of individuals and groups increased 17 percent, to 520.

2010 Metro serves more than 900,000 people in 1,700 conservation education programs.

Metro provides information on waste reduction and proper waste management to more than 90,000 callers to the Recycling Information Center.

Metro completes more than 3,400 illegal dumping cleanups, including 138 large cleanups and 97 near waterways or other environmentally sensitive areas.

Metro Council approves 17 construction Community Development grants to spur private investment in great communities.

Metro opens Graham Oaks nature park which contains three miles of trails traversing 250 acres of restored oak woodland habitat, a conifer forest, wetlands, five creeks, interpretative plazas and scenic overlooks, a picnic area and the beginning of the regional Tonquin Trail, which will eventually connect Wilsonville, Tualatin and Sherwood.

Reaches record-breaking calendar year attendance of 1,645,843 million guests and record-breaking ZooLights attendance of 141,716.

2011 Metro Council provides leadership in climate change by developing a plan to meet requirements of House Bill 2001 for reducing greenhouse gas emissions.

Metro Council adopts Community Investment Strategy and capacity ordinance to set the stage for meeting the region's 20-year growth needs.

Metro's Visitor Venues compiles and releases visitor venue economic impact reportincluding the Oregon Zoo for the first time, quantifying impact of venues on local economies.

The Portland Expo Center opens West Delta Bar and Grill, providing needed onsite food services to visitors.

Cemetery program reviews 58,000 internment records and creates a strategic fundraising plan for Lone Fir Cemetery – Block 14 Memorial Park – to honor the Chinese settlers and 19th century mental health patients who endured segregation and discrimination during the early years of the Portland region.

Completes update to the Regional Transportation Plan – an innovative outcomes-based blueprint to guide future planning and investment in the region's transportation system management and operations – along with a freight plan and high capacity transit plan.

Supports development of the region's employment areas with the publication of Eco-Efficient Employment, the third in a series of community Investment Toolkit publications that provide technical assistance to local jurisdictions.

Initiates land use and transportation planning for two new corridor planning projects: the Southwest Corridor and the East Metro Corridor refinement plans.

New Gresham Civic light rail station opens.

Completes first comprehensive regional indicators report, in conjunction with Portland State University, as part of the Greater Portland Pulse project to measure how the region is doing economically, socially and environmentally.

Modernizes Data Resource Center's core service of providing RLIS data to regional decision-makers by launching RLIS Discovery site for anywhere, anytime download of data.

2011 Provides leadership in climate change by developing a climate action framework that integrates climate change adaptation and mitigation strategies at the local and regional levels.

Implements internal sustainability plan to align actions with targets to reduce greenhouse gas emission, water use, toxics and solid waste from its operations.

Launches Opt In, an innovative online opinion panel designed to increase diverse, sustained community engagement and provide a cost-effective public opinion research tool.

Implements online employment application system.

2012 Oregon Zoo opens new Veterinary Medical Center January 19. The center is the first major new facility to be completed with funding from the community-supported Oregon Zoo Bond.

The urban growth boundary expands by 1,985 acres on Oct. 20, the first significant adjustment of the boundary in seven years.

The East Metro Connections Project works toward final adoption by east Multnomah County leaders, ending decades of disputes over how to move people in that part of the region.

The Expo Center hosts *Cirque du Soleil's* 'OVO,' the first time the Grand Chapiteau has been set up at that Metro venue.

The planning department finishes the first phase of the Climate Smart Communities initiative, testing out dozens of strategies for reducing tailpipe emissions in the Portland region.

The Clean Refuse Fleet program reaches a total of 95 garbage removal vehicles outfitted with pollution-curbing filters.

Metro Steps up its diversity efforts adopting a Diversity Action Plan and hiring its first diversity manager.

The regional government's review of the Columbia River Crossing culminates with the approval of the land use final order, approving the land use review of the crucial transportation project.

Metro's cemeteries are an example for the rest of the country by an independent analyst, who reviewed the regional government's revised management policies for its 14 pioneer cemeteries.

Natural Areas program continues to carry out the voters' expectation that the region purchase sensitive natural areas, with 1,235 acres purchased in the fiscal year. Metro also restores 21 natural areas for a total of 950 acres.

The Oregon Convention Center's outdoor plaza opens between Grand Avenue and Martin Luther King Jr. Boulevard, providing an open space for outdoor events in the Lloyd District.

Metro's Opt In Panel continues to grow, with more than 17,000 people now signed up for the public participation project, which launched in early 2011.

Visitor counts rise at recreational venues, including 1.59 million visitors to the Oregon Zoo and a 19 percent increase in visitors to Blue Lake Regional Park.

The Oregon Zoo was granted a conditional use approval for its elephant habitat, releasing $58 million in bonds for construction activity.

2012 More than 80,000 tickets are sold for performances of "Wicked," part of the Broadway series at the Portland Center for the Performing Arts.

The Development Center launches its Get Street Smart workshop series to help business owners encourage vibrant business districts.

Adopts the MTIP, Unified Work Program and RTO Strategic Plan.

The Community Investment Initiative Leadership Council adopts its strategic plan.

Metro's AAA bond rating was reaffirmed and the regional government was issued $140 million of general obligation bonds, receiving a $25 million premium.

Metro Paint reaches nearly $1 million in recycled paint sales.

Economy and growth

Regional Economic Conditions

The Portland metropolitan region (the Portland-Vancouver-Hillsboro, OR-WA, Metropolitan Statistical Area) is home to more than 2.26 million residents (U.S. Census, 2011). The "economic region" comprises five counties in Oregon and two in Washington. Multnomah County, the region's central county, is home to the state's largest city, Portland, with nearly 586,000 residents (Portland State University, Population Research Center, 2011).

Multnomah is ringed by three suburban counties: Washington and Clackamas in Oregon and Clark in Washington. Washington County is the largest of these and is home to Oregon's "Silicon Forest." Since at least 1970, Washington County has surpassed the growth rate of all other counties in the region in terms of population and employment. This growth has been fueled by the county's successful efforts to attract technology firms (e.g., silicon wafer producers, photovoltaic manufacturers and biotech firms) and the workers and their families who have settled into the county for its abundance of jobs and community amenities.

Columbia, Yamhill and Skamania are exurban counties with economic, social and transportation systems that are intertwined with the metropolitan region. Significant numbers of workers commute between the exurban, suburban and central counties. In 2010 regionwide employment totaled 915,000 jobs; 12.6 percent of these included workers living outside the MSA. More than 95,000 MSA workers were employed outside the Portland metropolitan area, of which 8.3 percent traveled more than 50 miles for their primary work. Workers from the Salem MSA account for more than one-eighth (more than 10,000 commuters) of the long distance commuters into the Portland MSA. Conversely, more than 13,000 Portland MSA residents travel to the Salem MSA for their primary job on a daily basis (LED, Census, 2010). Also, non-work trips contribute to the economic vitality of the metropolitan area as residents from the exurban counties may travel into more centralized locations to enjoy greater entertainment and retail options. Urban residents may also travel to rural points of interest to enjoy recreational opportunities.

State land use laws and Metro's strong adherence to an urban growth boundary have allowed the region to preserve much of its rich farming history. The Oregon part of the MSA accounts for more than $817 million (or 19.6 percent) of Oregon's sales total of crops and animal products (OSU, Extension Information Office, 2009-10). Clackamas and Washington counties rank fourth and seventh in the state in gross farm and ranch sales and are home to top producers of grass seeds, ornamental crops, fruits, nuts and berries (*Oregon Agriculture: Facts and Figures, NASS, July 2011*). In 2010 Clackamas ($156 million) and Washington ($147 million) counties ranked second and third in the state in overall greenhouse and nursery production. Clackamas County ($10.9 million) was also the second leading producer of caneberries in the State. Yamhill led all counties in the state in wine grape production with Washington County growers close behind. Farm exports represent a sizable component of the Portland area's farm sales, with Canada, China, Mexico and Japan topping the list of top destinations for the region's agricultural products (Oregon Dept. of Agriculture, 2010).

The region has seen annual population growth vary from a peak of 2.5 percent in 2001 to a low of 0.9 percent in 2004. Population has shown surprising resilience during the "Great Recession" of 2008-10. Annual regional population growth has remained between 1.7 and 1.9 percent since 2006, above statewide and national averages. The Portland metropolitan area remains a popular destination for people in search of job opportunities, as well as an attractive location for new business starts (Census Population Estimates).

Like many metropolitan areas across the nation, the Portland area has seen employment tumble during this last recession. Employment is inching closer, but has yet to return to pre-recession levels. As of mid-year 2012, the region's seasonal employment level stood at 1,012,000 jobs (Bureau of Labor Statistics Current Employment Survey). The 2012 near mid-year unemployment rate in the region was 8 percent, compared to state-wide and national rates of 8.5 and 8.2 percent, respectively. The Portland metropolitan area has seen double-digit unemployment since February 2009, reaching a high of 11.4 percent in March 2010. Peak to trough, the region had lost nearly 10 percent of its employment during the recession. Regional job growth has so far continued to shadow the anemic national job trends.

Nationally, the pace of job growth appears to be inching ahead in concert with other signs of economic recovery. Consumers are returning to stores and forward looking production indicators point to an upswing in productivity and output. As the U.S. economy recovers, we anticipate the Portland area economy to rebound as well. During the downturn, waste disposal tonnage figures fell precipitously, but the declines have begun to slow and should level out in FY 2012-13. Studies show a positive correlation between economic activity and waste disposal. In other economic sectors, air and marine cargo shipments through the Port of Portland have been growing steadily since the close of the recession. Marine shipment levels have returned to pre-recession activity levels, but air cargo figures are still below pre-recession shipment levels. Air cargo tonnage estimates have been steadily increasing since the first-half of 2010 (Port of Portland).

Current home prices in the Portland area are off nearly 30 percent since the onset of the U.S. recession. The Case-Shiller 20-city composite index has shown a double-dip in national home prices, but of late the recent declines in Portland area housing prices seems to be decelerating. Median single family homes sold for $215,000 at the end of the 2012 Q1, with prices about the same as a year ago. Average time on the market was more than 135 days in the first quarter. The inventory ratio (the number of active listings divided by closed sales) at the end of March 2012 was 5.0, indicating a very lean single family market with very few willing sellers in the market (Regional Multiple Listing Service, Portland Metropolitan Area).

Regional Outlook

Recent employment conditions have been on the upswing since the fourth quarter of 2010. Most notably, employment growth rates seem to be accelerating with the recovery of the U.S. economy. Our most recent forecast for the Portland-Vancouver-Hillsboro, OR-WA MSA anticipates modest employment recovery so long as the U.S. economy continues to expand slowly. The regional recovery will be uneven across industry sectors. Manufacturing, construction and retail sectors, hardest hit during this recession, will take longer to rebound. Generally, the service sectors will define the shape of this recovery. Regional employment is not expected to return to pre-recession employment levels until mid-year 2014 at the earliest or later in 2015 if the nascent national recovery continues to sputter longer than expected.

The population outlook for the region calls for growth to exceed national and statewide rates for the foreseeable future, fueling the growth expected in the service sector and other non-manufacturing industries. The construction and finance/real estate industries, however, will lag behind, due to the nature of the downturn. Already, we are seeing strength returning to the region's heavy industrial sectors and high-technology sectors including the emerging solar energy production sector. The region's business service sector is rebounding rapidly. The temporary service industry has been sharply increasing employment levels during the early phase of the regional recovery, but growth has begun to moderate as employers turn to permanent hirings. This along with accelerating employment growth seen in manufacturing, in particular, and other professional service industries points to more secure employment which suggests firms in the region are believing in the recovery (despite mixed economic indications of the U.S. economic recovery in recent months) and hiring more permanent staff and production workers.

Economic outlook provided by
Metro's Research Center

Population

Metro includes the urbanized portions of three counties: Clackamas, Multnomah and Washington. Major incorporated cities in the area are Portland, Gresham, Beaverton, Hillsboro, Tigard, Tualatin, Sherwood, Forest Grove, Lake Oswego, Milwaukie and Oregon City.

The City of Portland (population 586,000) is the center of commerce, industry, transportation, finance and service for an immediate metropolitan area of approximately 1.65 million people. Portland is the county seat of Multnomah County, the largest city in Oregon, and the second largest city in the Pacific Northwest.

The Portland-Vancouver Primary Metropolitan Statistical Area (Portland PMSA) includes Multnomah, Washington, Clackamas, Columbia and Yamhill counties in Oregon, and Clark and Skamania counties in Washington. Portland PMSA statistics are included in this section where county statistics cannot be separated.

The Portland metro area is Oregon's largest population center. Multnomah County is Oregon's most populous county, with an estimated 748,031 residents in 2011. Washington County ranks second and Clackamas County ranks third, with populations of 540,610 and 380,207, respectively. The population for the Metro region is estimated to be 1,481,118, slightly lower than the three counties combined.

Population
State of Oregon, Multnomah, Washington, Clackamas Counties

	Oregon	Multnomah County	Washington County	Clackamas County
2011	3,871,859	748,031	540,610	380,207
2010	3,831,074	735,334	529,710	375,992
2009	3,825,657	726,855	537,318	386,143
2008	3,790,060	714,567	529,216	380,576
2007	3,735,549	699,186	519,794	375,107

Source: U.S. Decennial Census and Intercensal Estimates

Economy and employment

The economy of the Portland metropolitan area is broad and widely diversified. Historically, the two major manufacturing industries locally were forest products and food products processing due to the abundance of forests and agricultural land in the state. Forest and food products manufacturing remain important sectors of the economy; however, growth in manufacturing has diversified to include machinery, electrical and electronic equipment, transportation equipment, primary and fabricated metals and other durable goods.

Portland PMSA top 10 employers by labor force

Company	Service	Number of Employees
State Government	Government	23,100
U.S. Government	Government	17,100
Intel Corporation	Semiconductor integrated circuits	15,636
Providence Health System	Health care services	14,089
Oregon Health & Science University	Education and health care	12,000
Fred Meyer Stores	Grocery/retail	9,858
Legacy Health System	Health Care	9,732
Kaiser Foundation Health Plan of the NW	Health Care	9,039
City of Portland	Government	8,876
Nike, Inc	Sports shoes and apparel	7,000

Source: Seattle-Northwest Securities Corporation

Portland-Vancouver PMSA labor force summary(1)

						2011 Change from			
	2011	2010	2009	2008	2007	2010	2009	2008	2007
Civilian labor force	1,197,795	1,189,827	1,175,710	1,171,267	1,144,814	7,968	22,085	26,528	52,981
Unemployment	109,317	126,187	125,168	68,322	55,284	-16,870	-15,851	40,995	54,033
Percent of labor force	9.1%	10.6%	10.6%	5.8%	4.8%				
TOTAL EMPLOYMENT	**1,088,478**	**1,063,640**	**1,050,042**	**1,102,945**	**1,089,530**	**24,838**	**38,436**	**-14,467**	**-1,052**

Non-agriculture wage and salary employment(2)

						2011 Change from			
	2011	2010	2009	2008	2007	2010	2009	2008	2007
Natural resources and mining	1,100	1,100	1,200	1,500	1,600	0	-100	-400	-500
Construction	47,300	44,700	49,200	61,400	66,600	2,600	-1,900	-14,100	-19,300
Manufacturing	110,200	106,700	108,600	123,300	125,500	3,500	1,600	-13,100	-15,300
Trade, transportation, utilities	191,100	186,700	189,600	204,000	213,400	4,400	1,500	12,900	-22,300
Information	22,300	22,300	22,900	24,800	24,800	0	-600	-2,500	-2,500
Financial activities	61,600	61,800	64,200	68,100	70,900	-200	-2,600	-6,500	-9,300
Professional, business services	131,900	126,600	124,400	136,100	137,000	5,300	7,500	-4,200	-5,100
Educational and health services	143,200	139,000	134,900	132,700	131,500	4,200	8,300	10,500	11,700
Leisure and hospitality	97,200	93,900	94,000	99,700	99,400	3,300	3,200	-2,500	-2,200
Other services	34,800	35,000	35,200	37,300	37,000	-200	-400	-2,500	-2,200
TOTAL PRIVATE	840,600	817,800	824,100	888,900	907,700	22,800	16,500	-43,300	-67,100
GOVERNMENT	145,500	147,800	148,300	146,600	147,200	-2,300	-2,800	-1,110	-1,700
TOTAL NON-FARM PAYROLL EMPLOYMENT	986,100	965,600	972,400	1,035,500	1,054,900	20,500	13,700	-49,400	-68,800

(1) Civilian labor force includes employed and unemployed individuals 16 years and older by place of residence. Employed includes nonfarm payroll employment, self-employed, unpaid family workers, domestics, agriculture and labor disputants. Data are adjusted for multiple job-holding and commuting.

(2) Nonfarm payroll data are based on the 2002 North American Industry Classification System manual. The data are by place of work. Persons working multiple jobs are counted more than once. The data excludes the self-employed, volunteers, unpaid family workers and domestics.

Source: State of Oregon Employment Department, 2011.

Transportation

The Portland area is a major transportation hub of the Pacific Northwest. Located at the confluence of the Columbia and Willamette rivers, Portland is approximately 110 river miles from the Pacific Ocean at Astoria. Major north-south (I-5) and east-west (I-84) highways connect the area with other major metropolitan areas of the western states. Burlington Northern Santa Fe Railway Company and Union Pacific railroads provide rail freight service to the area and Amtrak provides passenger service. Interstate bus transportation is available through Greyhound, and local bus service is provided by the Tri-County Metropolitan Transportation District (TriMet).

Commercial air transportation is available at Portland International Airport (PDX). PDX, operated by the Port of Portland, is served by 14 scheduled passenger air carriers, three charter services and 11 cargo carriers. The port also operates three general aviation airports in Troutdale, Hillsboro and Mulino.

Higher Education

Institutions of higher learning in Metro's boundaries include independent institutions such as Reed College, Lewis and Clark College, Pacific University, and church-affiliated institutions such as the University of Portland, Warner Pacific College and Columbia Pacific College. Portland State University, which is part of the Oregon University System of Higher Education, and the Oregon Health and Science University are also located in Multnomah County. The University of Oregon maintains an extension center in downtown Portland. Portland Community College, Mt. Hood Community College and Clackamas Community College are part of the state's community college system.

Building Permits

Residential building permits are an indicator of growth within a region. The number and valuation of new single-family and multi-family residential building permits issued throughout the counties are listed below:

Residential building permits by calendar year

	New Single Family		New Multi-family			
2011	**Number**	**Construction Cost**	**Number**	**Units**	**Construction Cost**	**TOTAL**
Multnomah County	502	$112,329,367	45	915	$93,098,035	$205,427,402
Washington County	924	229,242,339	25	485	53,458,752	282,701,091
Clackamas County	800	210,335,442	17	372	37,408,346	247,743,788
TOTAL	2226	$551,907,148	87	1772	$183,965,133	$735,872,281
2010	**Number**	**Construction Cost**	**Number**	**Units**	**Construction Cost**	**TOTAL**
Multnomah County	521	$115,174,079	32	714	$90,417,365	$205,591,444
Washington County	1,033	247,545,370	26	238	26,850,491	274,395,861
Clackamas County	625	159,045,763	18	40	8,006,271	163,297,223
TOTAL	2,179	$521,765,212	76	988	$125,274,127	$643,284,528
2009	**Number**	**Construction Cost**	**Number**	**Units**	**Construction Cost**	**TOTAL**
Multnomah County	519	$108,317,996	44	521	$63,679,249	$171,997,245
Washington County	871	200,340,443	41	332	35,166,798	235,507,241
Clackamas County	580	160,529,460	6	135	11,653,028	172,182,488
TOTAL	1,970	$469,187,899	91	988	$110,499,075	$579,686,974

Source: U.S. Census Bureau, 2011

Income

Oregon has had an increase in per capita income each year since 2000 until 2009 when the economic recession caused per capita income to decrease. Statewide personal income growth has slowed recently due to overall ecomnomic conditions.

Total personal and per capita income

Source: U.S. Department of Commerce, Bureau of Economic Analysis, 2010

State of Oregon

	Personal Income	Dividends, interest, rent	Per capita income	Per capita dividends, interest, rent
2010	$139,395,112	$26,031,153	$36,317	$6,782
2009	138,453,340	28,181,017	36,191	7,366
2008	137,569,686	27,608,084	36,365	7,309
2007	131,277,786	26,969,597	35,143	7,220
2006	122,909,475	23,881,696	33,211	6,453

Multnomah County

	Personal Income (billions)	Dividends, interest, rent (billions)	Per capita income	Per capita dividends, interest, rent
2010	$29,458,183	$5,223,224	$39,945	$7,083
2009	29,430,654	5,766,712	40,490	7,935
2008	29,372,019	5,750,578	41,222	8,070
2007	28,485,388	5,611,785	40,598	8,026
2006	26,483,785	5,006,940	38,528	7,284

Washington County

	Personal Income (billions)	Dividends, interest, rent (billions)	Per capita income	Per capita dividends, interest, rent
2010	$21,586,715	$3,460,143	$40,606	$6,509
2009	21,205,286	3,635,167	39,465	6,764
2008	21,185,612	3,678,024	40,188	6,977
2007	19,945,179	3,446,999	38,371	6,631
2006	18,607,666	3,067,346	36,259	5,977

Clackamas County

	Personal Income (billions)	Dividends, interest, rent (billions)	Per capita income	Per capita dividends, interest, rent
2010	$16,945,867	$3,282,435	$44,954	$8,708
2009	16,853,655	3,460,062	43,646	8,961
2008	17,080,392	3,446,668	44,803	9,041
2007	16,491,610	3,428,178	43,965	9,001
2006	15,371,418	2,972,562	41,377	8,001

Agriculture

The Portland metropolitan region lies in one of the most diverse agricultural regions in the United States — the Willamette Valley. More than 170 different crops are grown in the area including grains, grass and legume seed field crops, tree fruits and nuts, berries and small fruits, wines and vegetables. Dairy, beef and poultry are also produced in the region.

Harvested acreage and gross farm sales for all counties

		Gross Farm Sales (in thousands)		
2010	**Harvested acreage**	**Crop sales**	**Animal product sales**	**TOTAL GROSS FARM SALES**
Multnomah County	9,151	$53,930	$3,138	$57,068
Washington County	83,733	210,571	16,830	227,401
Clackamas County	43,375	230,634	63,529	294,163
TOTAL	**136,259**	**$495,135**	**$83,497**	**$578,632**
OREGON TOTAL	**3,142,096**	**$2,859,366**	**$1,422,287**	**$4,281,653**
% of State	**4.3%**	**17.3%**	**5.9%**	**13.5%**
2009	**Harvested acreage**	**Crop sales**	**Animal product sales**	**TOTAL GROSS FARM SALES**
Multnomah County	9,015	59,344	2,821	62,165
Washington County	84,897	222,372	14,236	236,608
Clackamas County	44,226	254968	56,821	311,789
TOTAL	**138,138**	**536,684**	**73,878**	**610,562**
OREGON TOTAL	**2,994,468**	**2,873,222**	**1,251,824**	**4,125,046**
% of State	**4.6%**	**18.7%**	**5.9%**	**14.8%**
2008	**Harvested acreage**	**Crop sales**	**Animal product sales**	**TOTAL GROSS FARM SALES**
Multnomah County	8,467	67,423	2,851	70,274
Washington County	90,404	277,585	19,650	397,235
Clackamas County	43,718	285,018	57,007	342,025
TOTAL	**142,589**	**630,026**	**79,502**	**809,534**
OREGON TOTAL	**3,057,361**	**3,436,027**	**1,386,272**	**4,822,299**
% of State	**4.6%**	**18.3%**	**5.7%**	**16.8%**

Source: Oregon State University Extension Service's Oregon Agriculture Information Network, 2010 Oregon County and State Agricultural Estimates, Special Report 790-10, http://oregonstate.edu/oain/, February 2010.

Top 10 crops in Oregon

	Crop Commodity		Crop Commodity
1	Nursery and greenhouse crops	6	Vegatables and truck crops
2	Grains	7	Grass and legumes
3	Tree fruit and nuts	8	Christmas trees
4	Hay and forage	9	Other specialty products
5	Field crops	10	Small fruit and berries

Budget summary

Since 2008 Metro has relied on its financial discipline to weather the national recession. Operating revenues have been generally slow-growing or flat while costs have continued to increase. Focus and financial sustainability for the future have guided decision-making.

An important tool for building Metro's budget is the five-year forecast for its primary operating funds: the General Fund, the Metropolitan Exposition Recreation Commission (MERC) Fund and the Solid Waste Revenue Fund. Each budget cycle begins with a review of how the funds are performing, what factors affect the funds in the same way and become the global assumptions, and what factors are related to the nature of the operations and need individual assumptions.

Global labor assumptions

Most labor costs affect the primary funds in the same way. There are some differences in individual collective bargaining agreements which are implemented and carried throughout the forecast period; benefit costs follow the same assumptions. With strategic foresight and the help of our labor organizations in FY 2011-12, Metro did blunt its rise in labor costs. However, after two years of little or no increase in the Consumer Price Index (the escalator index for most labor agreements), base wages will rise over the next five-year period.

Metro experienced a significant increase in its PERS pension benefits in July 2011. The current PERS system sets rates for a two-year period, marking July 2013 and July 2015 as the next rate adjustment dates. To mitigate the expected steep increase in 2011 Metro established a PERS reserve, funded by capturing a temporary rate decrease from the prior period. These reserves, pooled from all operating funds, are being applied over the five-year period to reduce pension bond debt service payments. Over the course of the five-year period departments will resume making the debt service payments as an ongoing operational cost. In addition, new non-represented employees began paying the 6 percent employee share of PERS in July 2011; new AFSCME 3580 members will begin paying in July 2012, joining LIUNA members who have been paying this share for many years.

Metro has also implemented a specific cost sharing formula for its health insurance programs: non-represented employees pay an 8 percent share while most bargaining units pay a 6 percent share. This change is intended to influence the design of future benefit plans where cost savings can be shared. Nevertheless, health insurance costs continue to rise over the forecast period.

Global operating assumptions

The principles of Metro's financial policies are followed throughout the five-year forecasts. Limited duration positions have been eliminated as scheduled; no additional positions are included. A factor for historic underspending is included. In the absence of contractual escalators tied to specific indices, general inflationary increases are modest and uniform. Each operating fund must budget for prudent contingency and stabilization reserves. Annual renewal and replacement contributions are required, reflecting Metro's commitment to care for its assets. New capital spending is included only if it has been included in the five-year Capital Improvement Plan.

Unique operating assumptions

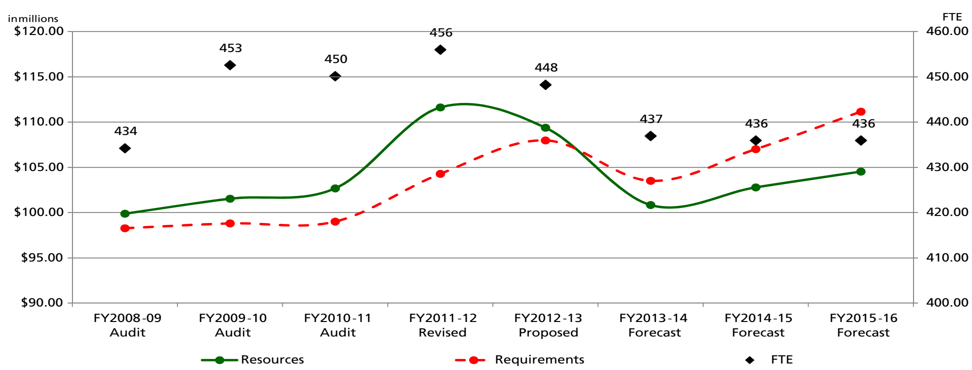
Each fund also has assumptions unique to its operations. Factors such as general and specialized taxes, federal and state grant funding, tonnage or attendance-driven enterprise activity impact the funds differently. Interest earnings calculations remain historically low and are applied uniformly. The visitor venues are more sensitive to utility costs and food and beverage margins or per capita spending. Planning and Development is experiencing constraints tied to uncertainties about transportation funding at the national level. The unique assumptions are addressed in the individual forecasts.

Understanding the importance of the forecasts

The purpose of the forecasts is not to display a balanced budget in all future years. The purpose is to identify vulnerabilities, highlight trends and provide a line of sight to guide decision-making. The forecasts serve as an early warning system and confirm that without continued strategic decision making, the current plan will not be sustainable. For the General Fund it confirms that today's circumstances are not temporary and cannot be addressed with temporary measures and minimal trimming around the edges. The five-year forecast keeps us focused on how decisions today set the path for future choices.

General Fund

General Fund five-year forecast



The General Fund has more complex challenges because of its mix of enterprise, grant and general governance activities. The Oregon Zoo is becoming increasingly, but not entirely, able to meet its direct operating costs; the developed parks and new natural areas coming into the parks system are becoming more dependent on general support. Planning and Development is heavily reliant on federal transportation funding for general transportation system planning and for specific project planning, both areas where federal support has flattened or declined, now and for the foreseeable future. The Council has committed significant one-time general resources to complete the important policy framework for the 2040 Growth Concept, the plan intended to guide growth and development over 50 years. With this work completed, and with little or no growth in discretionary revenues, the General Fund needs recalibrating for the future.

Most noticeable is the reduction in FTE over the next two years. Limited duration positions for project-specific work, both grant funded positions and those funded with special one-time discretionary resources, are concluded in June 2012 and June 2013 as scheduled. Other long-term grant funded positions are reduced because of diminishing federal transportation grant funds. A small number of positions are reduced through operating efficiencies. At the same time total personnel costs for FY 2012-13 remain unchanged and increase over the forecast period under the global labor assumptions of increasing wages, increasing health benefits and increasing pension costs.

The General Fund includes three important discretionary revenues: property tax ($12 million), general excise tax ($15 million) and interest earnings. These are the resources that the Council can direct by choice to any general purpose. Throughout the forecast period property taxes maintain their solid collection rate but grow less than 3 percent annually because of the decreasing ratio of real market value to assessed value and increasing compression under the state's property tax limitation statutes. Excise tax is established in Metro code and grows at the rate of the Consumer Price Index. Over the forecast period excise tax does grow modestly. Interest earnings, once a significant discretionary revenue source, are constrained by the low market rates. The General Fund also includes the construction excise tax which has been recovering to pre-recession levels and is expected to increase modestly over the forecast period. The construction excise tax is a dedicated tax used to provide funding for planning of future expansion areas, future urban reserves and planning that enables redevelopment of centers, corridors and employment areas within the existing Urban Growth Boundary.

Enterprise revenues in the General Fund are generated by the Oregon Zoo and, to a lesser extent, by parks programs. The zoo continues to experience record attendance which will remain high over the forecast period despite on-site construction throughout. Per capita spending will improve modestly, and the zoo forecasts two small fee increases in 2013 and 2015. Parks revenues will be mostly flat over the forecast period with two exceptions. Cemetery revenues will increase as prices are set closer to market levels and new cremation products become available, steps identified in the cemetery business plan. Metro will enter into a new operations contract for the Glendoveer Golf Course, a contract expected to be less generous than the current terms. Revenues are expected to decline initially. In addition, Metro will be making new capital investments at the site.

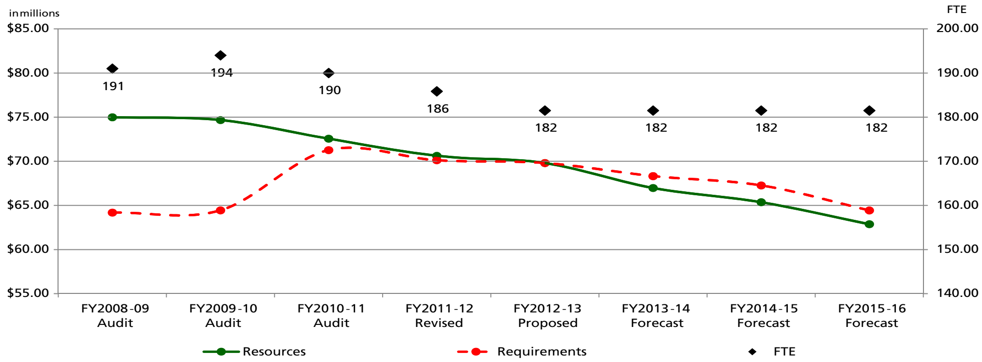
Uncertainties about federal transportation funding are expected to persist. Discretionary federal funding for general system planning, the Regional Transportation Plan and the Metropolitan Transportation Improvement Program, has not increased. Project specific planning dollars for corridors is declining. The forecast reflects only those resources that are committed.

The forecast illustrates the application of one-time resources accumulated in one year to one-time spending, usually in a later year. Earlier multi-year special allocations were committed to urban and rural reserves and climate change start up; current multi-year allocations include the Community Investment Initiative. Undesignated fund balance has also been used to fund one-time capital projects. Allocations for FY 2012-13 include overdue improvements at Glendoveer Golf Course, a conversion project to replace the obsolete platform for Metro's primary website and a master plan assessment for Oxbow Park in light of the continuing erosion problems. The General Fund also makes a $2.2 million loan to the MERC Fund for the Oregon Convention Center's streetcar assessment, a loan that will be repaid over 10 years.

For the General Fund the five-year forecast reminds us of the need to be proactive, not reactive, to challenges that we see in the future years. The proposed budget reduces some programs, activities and staffing to meet the available resources and to avoid more severe reductions in the future. Combined, the steps taken in FY 2011-12 and proposals for FY 2012-13 have reduced the five-year gap by half. The forecast suggests that additional adjustments will be required in future years unless revenues improve more quickly than expected. Unique to the General Fund is Metro's charter limitation, a limit on excise tax spending, adjusted annually by the Consumer Price Index. This limit includes spending of both general excise tax as well as construction excise tax. The proposed budget and the forecast years do not exceed the spending limit.

MERC Fund

MERC Fund Five-year forecast

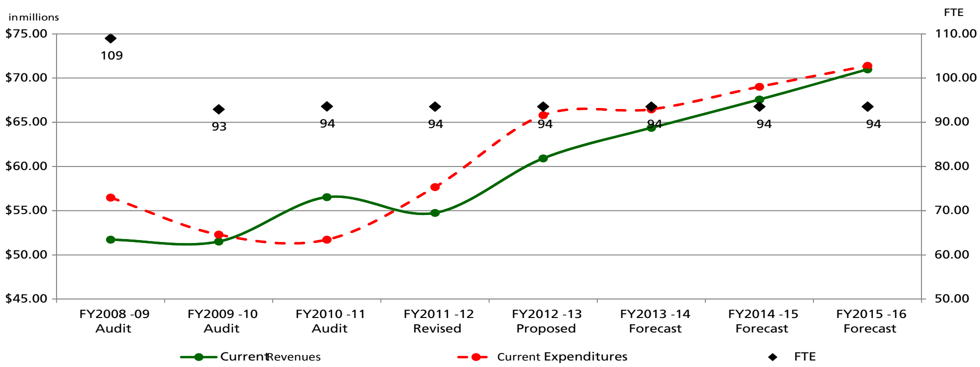


The MERC Fund demonstrates the lag time phenomenon between bookings and economic changes. The Oregon Convention Center is particularly sensitive to national economic conditions that shape convention bookings years into the future, drive competition and pressure profit margins. As the recession commenced in 2008, rental revenue from conventions booked prior to the 2008 recession continued, although food and beverage margins began to decline, and transient lodging taxes fell more sharply. Transient lodging tax is now returning to the 2008 levels and showing modest growth throughout the forecast, but convention bookings do not return solidly until 2015.

Revenues throughout the forecast reflect only those bookings that are confirmed. Repeat engagements of the new *Cirque du Soleil* event are not included in the forecast. Transient lodging tax recovers to the pre-recession levels, and then grows modestly throughout the forecast. Food and beverage margins are based on current performance and maintained throughout. Revenues and expenditures directly related to event activity rise and fall with bookings. Fixed costs, facility maintenance and capital improvements require operational support from public resources, primarily transient lodging taxes. In the last four years of the forecast, major capital projects spend down reserves accumulated prior to FY 2012-13. The Oregon Convention Center is also repaying a $2.2 million loan to the General Fund for its streetcar assessment at a rate of about $232,000 per year, beginning in FY 2012-13.

The five-year forecast keeps us focused on marketing and pricing strategies for the future. Among those strategies is a key Council initiative for FY 2012-13, a renewed effort to find a solution to the persistently identified need for a large hotel room block to boost convention bookings.

Solid Waste Revenue Fund Five-year forecast



The Solid Waste Revenue Fund display differs from the other forecasts because it includes only current revenues and current expenditures. It does not include the fund balance as a resource. We excluded the large fund balance because sizeable portions are restricted to landfill closure and environmental impairment responsibilities which will occur outside the five year window.

The Council sets rates to fund the current expenditures of the Solid Waste Revenue Fund, balancing the public's interest in its facilities with the pocketbook issues of its rate payers. Tonnage declined slightly in 2007, more significantly in 2008 and has remained low through FY 2011-12. Actual core tonnage will remain nearly flat before beginning to rise modestly in the last half of the forecast. The forecast indicates that rates will also rise throughout the five year period, the result of increasing labor costs for the programs Metro operates, and contractual escalator provisions for transfer, transport and disposal. Because the bonds for the transfer stations have been repaid, Metro is no longer required to set rates to exceed expenditures by 10 percent, a requirement of the former bond financing. Since tonnage generally increased in those years before the debt was retired, Metro was able to accumulate sufficient resources to fund future capital improvements without impacting rates. In forecast years where expenditures exceed current revenue, this represents planned capital spending. In the final year of the forecast, all capital projects currently identified in the five-year CIP will be performed, realigning resources and expenditures.

The five-year forecast suggests that the per-ton cost for disposal has and will continue to increase even with fewer tons being disposed. Contractual costs and fixed costs are being spread over a smaller base. The Solid Waste Road Map discussions are examining how changes in the waste stream, increased residential organics diversion and new technology approaches to handling the waste fit into the regional system.

BEFORE THE METRO COUNCIL

ADOPTING THE ANNUAL BUDGET FOR FISCAL YEAR FY 2012-13, MAKING APPROPRIATIONS, LEVYING AD VALOREM TAXES, AND AUTHORIZING AN INTERFUND LOAN	)))))	ORDINANCE NO. 12-1274A Introduced by Martha Bennett, Chief Operating Officer, with the concurrence of Council President Tom Hughes

WHEREAS, the Multnomah County Tax Supervising and Conservation Commission held its public hearing on the annual Metro budget for the fiscal year beginning July 1, 2012, and ending June 30, 2013; and

WHEREAS, recommendations from the Multnomah County Tax Supervising and Conservation Commission have been received by Metro (attached as Exhibit A and made a part of the Ordinance) and considered; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. The “Fiscal Year 2012-13 Metro Budget,” in the total amount of FIVE HUNDRED THIRTY FIVE MILLION EIGHT HUNDRED SEVENTEEN THOUSAND FIVE HUNDRED EIGHTY TWO ($535,817,582), attached hereto as Exhibit B, and the Schedule of Appropriations, attached hereto as Exhibit C, are hereby adopted.

2. The Metro Council does hereby levy ad valorem taxes, as provided in the budget adopted by Section 1 of this Ordinance, at the rate of $0.0966 per ONE THOUSAND DOLLARS ($1,000) of assessed value for operations and in the amount of FORTY MILLION FIVE HUNDRED FIFTY SEVEN THOUSAND TWO HUNDRED FORTY FOUR ($40,557,244) for general obligation bond debt, said taxes to be levied upon taxable properties within the Metro District for the fiscal year 2011-12. The following allocation and categorization subject to the limits of Section 11b, Article XI of the Oregon Constitution constitute the above aggregate levy.

SUMMARY OF AD VALOREM TAX LEVY

	Subject to the General Government Limitation	Excluded from the Limitation
Operating Tax Rate Levy	$0.0966/$1,000	
General Obligation Bond Levy		$40,557,244

3. In accordance with Section 2.02.040 of the Metro Code, the Metro Council hereby authorizes positions and expenditures in accordance with the Annual Budget adopted by Section 1 of this Ordinance, and hereby appropriates funds for the fiscal year beginning July 1, 2012, from the funds and for the purposes listed in the Schedule of Appropriations, Exhibit C.

4. An interfund loan from the General Fund to the MERC Fund in an amount not to exceed $2.2 million is hereby authorized. The loan will be made to provide financing of the Eastside Streetcar Local Improvement District assessment on the Oregon Convention Center. The loan, including interest at a rate equal to the average yield on Metro's pooled investments, will be repaid from Oregon Convention Center revenues and/or reserves. Repayment will be over a ten year period beginning FY 2012-13 and provide for a minimum of $220,000 annual principal payments due no later than June 30th of each fiscal year.

5. The Chief Operating Officer shall make the filings as required by ORS 294.458 and ORS 310.060, or as requested by the Assessor's Office of Clackamas, Multnomah, and Washington Counties.

6. This Ordinance being necessary for the health, safety, or welfare of the Metro area, for the reason that the new fiscal year begins July 1, 2012, and Oregon Budget Law requires the adoption of a budget prior to the beginning of the fiscal year, an emergency is declared to exist and the Ordinance takes effect upon passage.

ADOPTED by the Metro Council on this 21st day of June 2012.

APPROUVÉ APPROVED METRO COUNCIL CONSEIL MÉTROPOLITAINE METRO

Tom Hughes, Council President

ATTEST:

Kelsey Newell, Recording Secretary

Approved as to Form:

Alison Kean Campbell, Metro Attorney

Schedule of Appropriations

		Adopted Budget
GENERAL FUND		
Communications		2,601,585
Council Office		3,964,829
Finance & Regulatory Services		4,218,275
Human Resources		2,167,032
Information Services		3,640,353
Metro Auditor		708,748
Office of Metro Attorney		1,927,172
Oregon Zoo		30,862,025
Parks & Environmental Services		6,681,825
Planning and Development		14,477,196
Research Center		3,880,935
Sustainability Center		4,086,762
Special Appropriations		4,896,187
Non-Departmental		
Debt Service		1,654,290
Interfund Transfers		7,721,525
Contingency		3,771,000
	Total Appropriations	97,259,739
Unappropriated Balance		12,660,845
Total Fund Requirements		**$109,920,584**
GENERAL ASSET MANAGEMENT FUND		
Asset Management Program		5,923,769
Non-Departmental		
Interfund Transfers		19,681
Contingency		4,379,897
	Total Appropriations	10,323,347
Unappropriated Balance		200,000
Total Fund Requirements		**$10,523,347**
GENERAL OBLIGATION BOND DEBT SERVICE FUND		
Debt Service		50,024,896
Unappropriated Balance		193,700
Total Fund Requirements		**$50,218,596**
GENERAL REVENUE BOND FUND		
Debt Service		3,090,037
Unappropriated Balance		5,361
Total Fund Requirements		**$3,095,398**
MERC FUND		
MERC		45,252,653
Non-Departmental		
Interfund Transfers		4,806,913
Contingency		7,838,268
	Total Appropriations	57,897,834
Unappropriated Balance		12,897,572
Total Fund Requirements		**$70,795,406**
NATURAL AREAS FUND		
Sustainability Center		45,179,080
Non-Departmental		
Interfund Transfers		1,783,226
Contingency		25,000,000
	Total Appropriations	71,962,306
Unappropriated Balance		27,525,139
Total Fund Requirements		**$99,487,445**
OPEN SPACES FUND		
Sustainability Center		738,934
Total Fund Requirements		**$738,934**

	Adopted Budget
OREGON ZOO INFRASTRUCTURE AND ANIMAL WELFARE FUND	
Oregon Zoo	19,526,002
Non-Departmental	
Interfund Transfers	292,677
Contingency	3,963,195
Total Appropriations	23,781,874
Unappropriated Balance	54,817,992
Total Fund Requirements	**$54,817,992**
PIONEER CEMETERY PERPETUAL CARE FUND	
Unappropriated Balance	470,187
Total Fund Requirements	**$470,187**
REHABILITATION & ENHANCEMENT FUND	
Sustainability Center	358,641
Non-Departmental	
Interfund Transfers	33,465
Contingency	280,000
Total Appropriations	672,106
Unappropriated Balance	1,653,293
Total Fund Requirements	**$2,325,399**
RISK MANAGEMENT FUND	
Finance & Regulatory Services	2,641,276
Non-Departmental	
Interfund Transfers	295,207
Contingency	500,000
Total Appropriations	3,436,483
Unappropriated Balance	1,094,652
Total Fund Requirements	**$4,531,135**
SMITH AND BYBEE LAKES FUND	
Parks & Environmental Services	65,000
Non-Departmental	
Interfund Transfers	104,841
Contingency	200,000
Total Appropriations	369,841
Unappropriated Balance	3,391,886
Total Fund Requirements	**$3,761,727**
SOLID WASTE REVENUE FUND	
Finance & Regulatory Services	2,145,570
Sustainability Center	6,402,794
Parks & Environmental Services	49,662,045
Non-Departmental	
Interfund Transfers	8,157,903
Contingency	15,105,279
Total Appropriations	81,473,591
Unappropriated Balance	19,875,967
Total Fund Requirements	**$101,349,558**
Total Appropriations	**$401,030,988**
Total Unappropriated Balance	**$134,786,594**
TOTAL BUDGET	**$535,817,582**

Property Tax Levy

Tax Rate Levy

FY 2011-12 Assessed Value	$127,913,281,573
Assessed Value Increase:	
Within 3% Statutory allowable (2.75% estimate)	3,517,615,243
Estimate for new construction @ 0.0%	0
ESTIMATED FY 2012-13 ASSESSED VALUE	**$131,430,896,816**
Tax Rate	$0.0966 /$1000
FY 2012-13 TAX RATE LEVY	$12,696,224
(estimated assessed value x tax rate)	
Less: Loss due to Measure 5 compression	($240,000)
Estimated uncollectable @ 5.5%	($685,092)
Comcast appeal	($42,000)
ESTIMATED TAXES TO BE RECEIVED	**$11,729,132**

(based on 94.5% collectable rate)

General Obligation Bond Debt Service

FY 2012-13 REQUIREMENTS

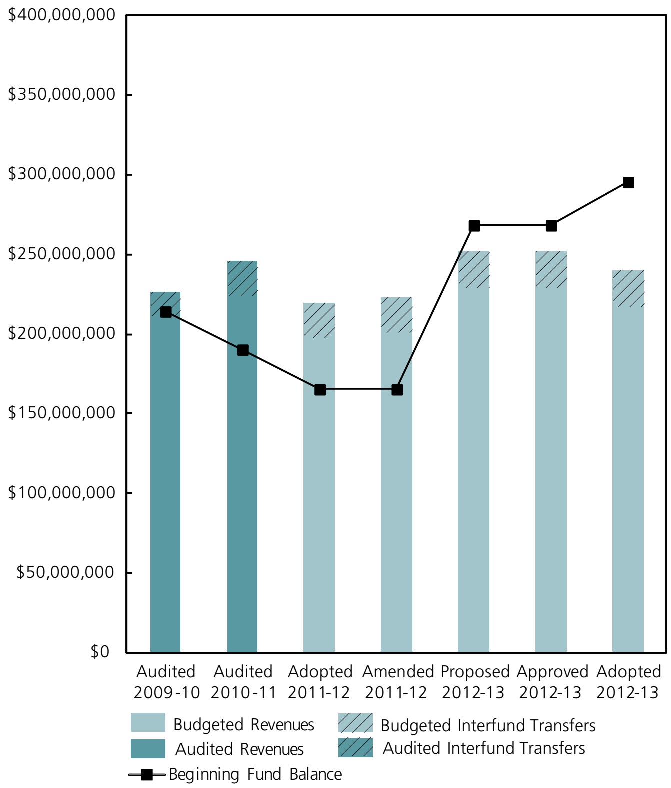
07/01/12	Oregon Convention Center (2001 Series A)	$132,250
07/15/12	Oregon Zoo-Oregon Project (2005 Series)	$238,575
09/01/12	Open Spaces (2002 Series)	$8,907,250
12/01/12	Open Spaces (2012B Series)	$539,316
12/01/12	Natural Areas (2007 Series)	$1,954,475
12/01/12	Natural Areas (2012A Series)	$1,694,559
12/01/12	Zoo Infrastructure (2012A Series)	$1,387,908
01/01/13	Oregon Convention Center (2001 Series A)	$5,422,250
01/15/13	Oregon Zoo-Oregon Project (2005 Series)	$2,033,575
06/01/13	Open Spaces (2012B Series)	$9,444,725
06/01/13	Natural Areas (2007 Series)	$6,184,475
06/01/13	Natural Areas (2012A Series)	$5,822,975
06/01/13	Zoo Infrastructure (2012A Series)	$6,262,563
07/15/13	Oregon Zoo-Oregon Project (2005 Series)	$193,700
TOTAL REQUIREMENTS		**$50,218,596**

Sources available for cash flow:	
Fund balance	$11,067,000
Prior years taxes to be rec'd in FY 2012-13	750,000
Interest earned, FY 2012-13	75,000
Total non-tax sources available in FY 2012-13	$11,892,000
Tax resources required to balance	$38,326,596
Levy (assume 94.5% collectable rate)	$40,557,244
Estimated FY 2012-13 Assessed Value	$131,430,896,816
Levy rate per $1,000 of assessed value	$0.3086
On $100,000 of assessed property value	$30.86
FY 2012-13 GO DEBT TAX LEVY AMOUNT	**$40,557,244**

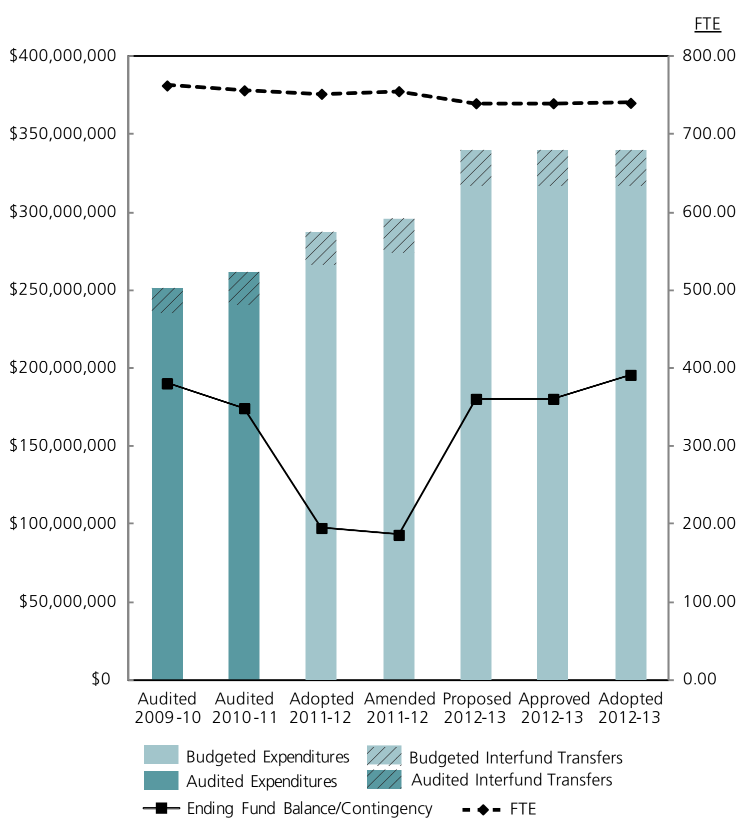
Budget summary by year

	Audited FY 2009-10	Audited FY 2010-11	Adopted FY 2011-12	Amended FY 2011-12	Proposed FY 2012-13	Approved FY 2012-13	Adopted FY 2012-13	Change from FY 2011-12 Amended
RESOURCES								
Beginning Fund Balance	*$214,223,351*	*$190,317,945*	*$165,390,447*	*$165,390,447*	*$268,273,458*	*$268,273,458*	*$295,435,747*	*78.63%*
Current Revenues								
Real Property Taxes	51,457,063	49,747,025	39,039,151	39,039,151	63,023,526	63,023,526	51,157,728	31.04%
Excise Tax	14,392,093	15,508,750	16,705,765	16,705,765	17,399,971	17,399,971	17,399,971	4.16%
Other Derived Tax Revenue	25,497	26,861	25,000	25,000	75,000	75,000	75,000	200.00%
Grants	13,115,905	10,267,397	12,558,425	12,649,865	12,042,483	12,042,483	12,273,683	(2.97%)
Local Gov't Shared Revenues	10,406,511	11,983,681	11,708,979	11,708,979	13,671,720	13,671,720	13,671,720	16.76%
Contributions from other Gov'ts	2,271,100	832,524	3,827,419	3,897,419	3,723,036	3,723,036	3,723,036	(4.47%)
Enterprise Revenue	109,754,507	113,192,834	109,488,784	112,416,553	115,772,391	115,772,391	115,772,391	2.99%
Interest Earnings	2,131,823	1,297,723	825,959	825,959	1,152,900	1,152,900	1,152,900	39.58%
Donations	5,235,274	2,661,868	3,141,100	3,382,280	1,581,927	1,581,927	1,606,027	(52.52%)
Other Misc. Revenue	2,469,556	3,307,412	302,779	302,779	333,941	333,941	333,941	10.29%
Bond and Loan Proceeds	0	15,000,000	0	0	0	0	0	0.00%
Subtotal Current Revenues	211,259,329	223,826,075	197,623,361	200,953,750	228,776,895	228,776,895	217,166,397	8.07%
Interfund Transfers:								
Interfund Reimbursements	7,680,866	8,396,573	9,397,205	9,397,205	10,118,777	10,118,777	10,118,777	7.68%
Internal Service Transfers	2,723,052	2,887,871	3,000,237	3,055,777	4,143,190	4,143,190	4,143,190	35.59%
Interfund Loan	0	0	0	0	2,431,000	2,431,000	2,431,000	0.00%
Fund Equity Transfers	5,175,785	10,708,853	9,724,485	9,945,372	6,322,471	6,322,471	6,522,471	(34.42%)
Subtotal Interfund Transfers	15,579,703	21,993,297	22,121,927	22,398,354	23,015,438	23,015,438	23,215,438	3.65%
TOTAL RESOURCES	**$441,062,383**	**$436,137,317**	**$385,135,735**	**$388,742,551**	**$520,065,791**	**$520,065,791**	**$535,817,582**	**37.83%**
REQUIREMENTS								
Current Expenditures								
Personnel Services	$71,819,988	$73,984,490	$79,791,040	$80,137,372	$79,917,873	$79,917,873	$79,964,117	(0.22%)
Materials and Services	95,771,568	99,375,744	111,406,975	118,358,697	115,528,684	115,528,684	116,199,406	(1.82%)
Capital Outlay	22,391,158	24,478,087	38,965,830	39,431,052	64,430,326	64,430,326	65,845,165	66.99%
Debt Service	45,182,021	41,950,078	35,261,700	35,261,700	56,735,740	56,735,740	54,769,223	55.32%
Subtotal Current Expenditures	235,164,735	239,788,399	265,425,545	273,188,821	316,612,623	316,612,623	316,777,911	15.96%
Interfund Transfers:								
Interfund Reimbursements	7,680,866	8,396,573	9,397,205	9,397,205	10,118,777	10,118,777	10,118,777	7.68%
Internal Service Transfers	2,723,052	2,887,871	3,000,237	3,055,777	4,143,190	4,143,190	4,143,190	35.59%
Interfund Loan	0	0	0	0	2,431,000	2,431,000	2,431,000	0.00%
Fund Equity Transfers	5,175,785	10,708,854	9,724,485	9,945,372	6,322,471	6,322,471	6,522,471	(34.42%)
Subtotal Interfund Transfers	15,579,703	21,993,298	22,121,927	22,398,354	23,015,438	23,015,438	23,215,438	3.65%
Contingency	0	0	34,656,569	27,227,184	60,872,611	60,872,611	61,037,639	124.18%
Ending Fund Balance	*190,317,945*	*174,355,620*	*62,931,694*	*65,928,192*	*119,565,119*	*119,565,119*	*134,786,594*	*104.44%*
TOTAL REQUIREMENTS	**$441,062,383**	**$436,137,317**	**$385,135,735**	**$388,742,551**	**$520,065,791**	**$520,065,791**	**$535,817,582**	**37.83%**
FULL-TIME EQUIVALENTS	762.84	756.60	752.09	755.49	740.00	740.00	740.50	(1.98%)
FTE CHANGE FROM FY 2011-12 AMENDED BUDGET								(14.99)

Current revenues and fund balance



Current expenditures and full-time equivalents



Budget summary by year

Where the money comes from

Resources to meet Metro's obligations and needs are derived from three primary sources: beginning fund balance, current revenues and interfund transfers. Beginning fund balance consists of resources carried forward from previous fiscal years, including proceeds from voter-approved bonds (e.g., Natural Areas and Oregon Zoo Infrastructure and Animal Welfare), reserves for specific purposes (e.g., self insurance, debt reserves) and monies used for cash flow. Current revenues are those earned from Metro operations or taxes levied during the fiscal year. The principal sources of current revenues are user fees and charges from individuals and organizations that pay to use Metro facilities or buy its services. Interfund transfers are payments from one fund to another fund usually for services rendered.

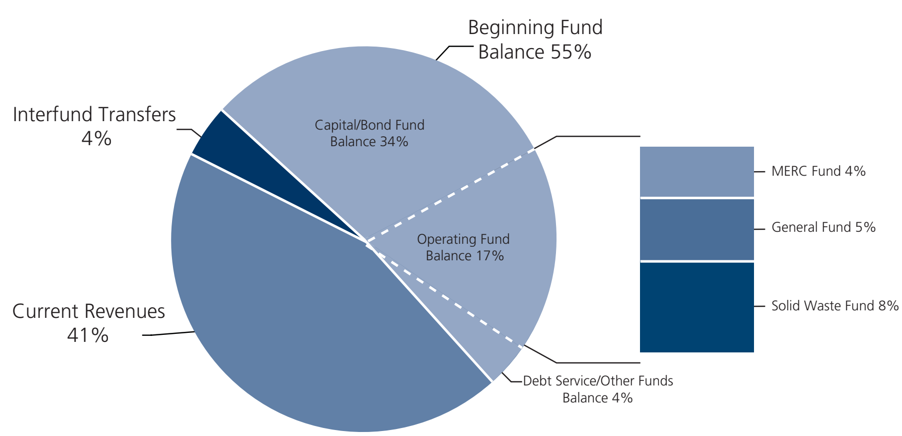
BEGINNING FUND BALANCE

Metro's beginning fund balance constitutes 55 percent of its total resources.

The beginning fund balance for each fund consists of unspent resources carried forward from the previous fiscal year. Primary among these are unspent bond proceeds, and fees collected in prior years in the Solid Waste Revenue Fund for operations, capital projects and other dedicated accounts. Another element of the beginning fund balance includes reserves for specific purposes (e.g., self-insurance, future capital reserves, debt reserves and trust reserves), which are generally required by law, policy or operating agreements. The beginning fund balance also provides cash flow for specific operations until current year revenues are received.

The General Fund's $27.6 million beginning fund balance accounts for 9.3 percent of the total beginning balances and is a combination of designated and undesignated reserves. Designated reserves include grant funds, construction excise tax for local development grants, Public Employees Retirement System (PERS) reserves and debt service reserves. The Council also designated reserve funds for multi-year Nature in Neighborhoods grants, and participation in a Development Opportunity fund. The FY 2012-13 budget sets aside $1.03 million for completion of the Community Investment Initiative. Finally, as part of its financial policies, the Council also directed that undesignated reserves be maintained for contingency and stabilization reserves, available for any lawful purpose in the event of sudden and unforeseen revenue drops or unplanned expenditures. For FY 2012-13 about $6.3 million of the General Fund's beginning fund balance is funding these financial reserves.

FY 2012-13 Total resources



Total resources $535,817,582

CURRENT REVENUES

Current revenues account for 41 percent of Metro's total resources. The major elements of current revenues and the percentage of total current revenues they represent include the following:

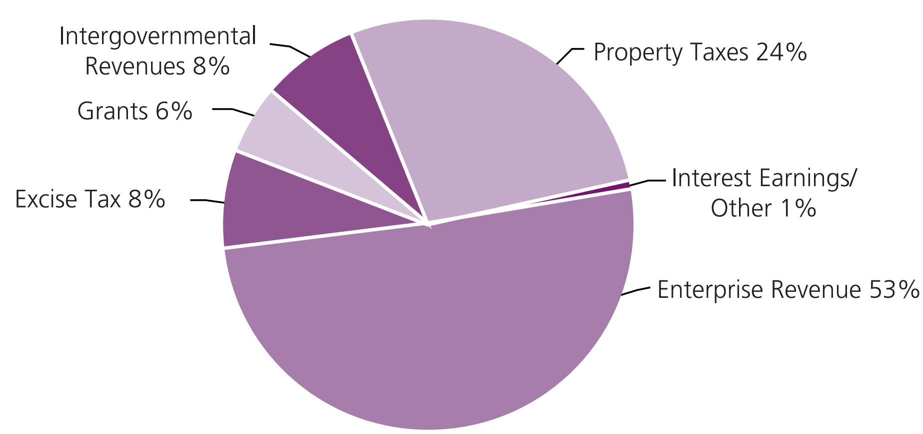
Enterprise revenues– 53 percent

Enterprise activities generate the largest piece of current revenues at $115.7 million. Metro's largest enterprise activity is solid waste disposal, generating $60.5 million, which comes from fees charged on solid waste deposited at Metro's transfer stations or several other designated solid waste facilities. This is about a 5.2 percent increase over the FY 2011-12 budget. While actual tonnage is forecasted to be down about 5 percent from the basis used to prepare the FY 2011-12 budget, disposal and other related operating costs are expected to rise. The last two years have seen historically low inflation rates. The inflation rate is expected to be approximately 2.8 percent next year, which drives the costs of all major operating and transport contracts. The increase in the operating contracts, rising fuel costs and the addition of the City of Portland's residential organics program have all contributed to higher disposal fees or additional revenue to the solid waste system.

The Visitor Venues (Oregon Zoo, Oregon Convention Center, Portland Center for the Performing Arts and Portland Metropolitan Exposition Center) produce $49.8 million, about 0.5 percent below the current year. The Oregon Zoo is showing revenue growth of about 5 percent. The zoo has experienced record-breaking attendance the last several years; the budget projects a slight increase in annual attendance from 1.6 million to 1.61 million. It is also projecting the addition of four special evening events at the zoo as well as a $1.00 increase in the adult admission price in January 2013 and similar increases in other admission categories. Budgeted per capita spending remains mostly flat, with modest increases in catering and beer/wine sales due mostly to the addition of four special events. The Oregon Convention Center relies on convention bookings made years in advance. Although the economy is recovering it will be another two years before bookings return to pre-recession levels. Revenue is expected to remain relatively flat compared to last year but is about 25 percent below pre-recession levels. The Expo Center is reflecting a 12 percent decline from the current year. About half of this reduction is due to the recognition that FY 2011-12 revenues, particularly in food and beverage, were overstated. The other half is due to the elimination of a major event that was added mid-year

FY 2012-13 Current revenues

RESOURCES	
Beginning Fund Balance	*$295,435,747*
Current Revenues	
Real Property Taxes	51,157,728
Excise Tax	17,399,971
Other Derived Tax Revenue	75,000
Grants	12,273,683
Local Gov't Shared Revenues	13,671,720
Contributions from other Gov'ts	3,723,036
Enterprise Revenue	115,772,391
Interest Earnings	1,152,900
Donations	1,606,027
Other Misc. Revenue	333,941
Bond and Loan Proceeds	0
Subtotal Current Revenues	217,166,397
Interfund Transfers:	
Interfund Reimbursements	10,118,777
Internal Service Transfers	4,143,190
Interfund Loan	2,431,000
Fund Equity Transfers	6,522,471
Subtotal Interfund Transfers	23,215,438
TOTAL RESOURCES	**$535,817,582**



Total current revenues $217,166,397

FY 2011-12. Additionally, the new *Cirque Du Soleil* event in FY 2011-12 is expected to be an every-other-year event. Revenues generated at the Portland Center for the Performing Arts are down about six percent reflecting a reduction in the number of weeks of Broadway performances anticipated next year.

Regional parks facilities generate another $2.8 million in fees and services. Most enterprise revenues at Metro's regional parks are expected to remain fairly stable compared to FY 2011-12 with the exception of increasing cemetery revenues and decreasing Glendoveer Golf Course fees. With the completion of the business plan, revenues at the pioneer cemeteries, budgeted 45 percent higher than the prior year, reflect both a fee increase in sales and services as well as a revised marketing plan enhancing the services provided. The operating contract for the Glendoveer Golf Course will be sent out for bid for the first time in 20 years. The new contract will take effect during the last half of FY 2012-13. While Metro will strive for the best terms under the new contract it is doubtful it will be as generous as the former contract. It is expected that revenues from the golf course will decline about 50 percent during the first year or two of the new contract. Metro will be looking for other revenue sharing opportunities that complement the golf course facility. Parking fees, business license fees and Data Resource Center revenues account for the remainder of enterprise revenues.

Property taxes– 24 percent

Metro expects to receive $51.2 million in property tax revenues in FY 2012-13. This includes current year tax receipts to the General Fund directed toward operations ($11.7 million) and debt service levies for outstanding general obligation bond issues for the Open Spaces Acquisition program, the original Oregon Convention Center construction, the zoo's Great Northwest project, the Natural Areas program and the Oregon Zoo Infrastructure and Animal Welfare bond projects ($38.3 million). The remainder, approximately $1.1 million, will be received in the form of delinquent property taxes, levied in prior years but received in the current year, and interest and penalties on those late payments. The levy for general obligation debt has increased about 45 percent over FY 2011-12. In May 2012 Metro issued an additional $140 million in debt authorized under the Natural Areas program and the Oregon Zoo Infrastructure and Animal Welfare program. The first year of debt service on the new bonds begins during FY 2012-13.

Excise Taxes– 8 percent

The Metro excise tax is paid by users of Metro facilities and services in accordance with the Metro Charter and Metro Code. The tax is recorded as revenue in the General Fund. It supports the costs of general government activities, such as the Council Office and elections expense. The tax also supports various planning, parks and venue activities.

The Metro excise tax is levied as a flat rate per-ton tax on solid waste disposal and as a percentage of all other authorized sales and services. The Metro excise tax is estimated to raise $15.6 million in FY 2012-13. By Metro Code, the amount of the per-ton tax may be increased annually based on the Consumer Price Index. The flat-rate per-ton tax was consolidated into a single yield-based tax in FY 2010-11, folding in a number of individual per-ton rates which had been imposed at different times. The single rate approach increases predictability and moderates revenue swings in times of either increasing or decreasing tonnage. The consolidation did not change the charter limitation on expenditures. The consolidated rate for FY 2012-13 will be $12.19 per ton, an increase of 39 cents, effective August 1. The rate for all other authorized revenues, currently 7.5 percent, does not change unless amended by the Metro Council. The Council has exempted the Oregon Zoo from excise tax; the intergovernmental agreement between Metro and the City of Portland exempts the Portland Center for the Performing Arts from the tax.

In 2006 Metro also enacted a construction excise tax to fund land use planning to make land ready for development throughout the region. A 0.12 percent tax is assessed on construction permits issued by local cities and counties in the Metro region. In 2009 the tax was extended for an additional five years, through September 2014, to provide funding for planning of future expansion areas, future urban reserves and planning that enables redevelopment of centers, corridors and employment areas within the existing Urban Growth Boundary. Proceeds from the tax fell sharply during the recession and began rebounding in 2011. The tax is expected to generate $1.76 million in FY 2012-13.

Intergovernmental Revenues– 8 percent

Metro receives revenue from both state and local agencies. Among these are transient lodging tax receipts from Multnomah County, funds from the City of Portland to support the Portland Center for the Performing Arts, state marine fuel tax revenues and a portion of the recreational vehicle registration fees passed through Multnomah County from the State of Oregon to support the regional parks. It also receives an allocation from the Visitor Development Fund created as a cooperative agreement between Metro, Multnomah County, the City of Portland and the hotel and car rental industries to cooperatively support and market various visitor facilities and amenities in the region. Transient Lodging Tax receipts are projected to increase 9 percent, reflecting a recovery in room bookings. The request to the Visitor Development Fund has increased by 50 percent based on projected need including repayment of the streetcar assessment over 10 years and additional efforts to secure a 500-room block commitment.

Grants– 6 percent

Grants are anticipated to provide $12.3 million to the revenue mix. The primary planning functions of the agency — Planning and Development and the Research Center — receive approximately $9.5 million in grant funds, 78 percent of all grants. These functions rely on federal, state and local grants to fund most of the transportation planning and modeling programs. The delay in the federal reauthorization of transportation funding has placed a portion of these grants funds at risk. These functions have relied on other specific dedicated grants funds to bridge them through the last couple of years, however, even that is no longer feasible. Planning and Development in particular is seeing an estimated $440,000 reduction in federal discretionary allocations for next year. Metro also receives grants for projects planned at regional parks and natural areas, Oregon Zoo and solid waste facilities.

Other miscellaneous revenues/Interest Earnings– 1 percent

In FY 2012-13 other revenues include $1.6 million in donations; $1.2 million in projected interest earnings and about $334,000 in a variety of other miscellaneous revenue categories.

INTERFUND TRANSFERS

Metro budgets its resources in separate and distinct funds. Transfers between funds pay for internal services provided directly by one center or service to another or indirectly on a cost-share basis as determined through the indirect cost allocation plan. Interfund reimbursements (indirect services) and internal service transfers (direct services) total $14.2 million in FY 2012-13. The transfer classification also includes $6.5 million in Fund Equity Transfers (revenue sharing between funds) such as the transfer of discretionary revenues from the General Fund to assist in capital development and renewal and replacement of General Fund assets. Also included in FY 2012-13 is a one-time interfund loan from the General Fund to the MERC Fund to pay the Oregon Convention Center's $2.2 million local improvement district assessment for the Eastside Streetcar. The budget also includes the first of ten annual installments from the MERC Fund to repay the loan.

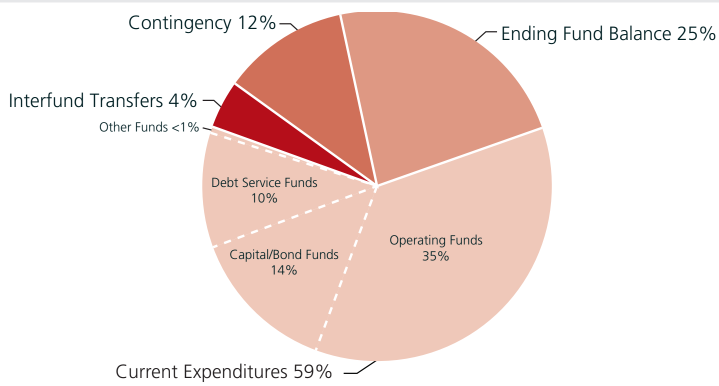
Where the money goes

Metro uses its resources for a variety of purposes prescribed by state law and Metro Charter. Ending fund balances are resources that are not spent during the year but carried over to subsequent year(s). They include reserves, monies for cash flow purposes and bond proceeds that will be spent in ensuing years for capital projects. Resources to be spent during the year can be categorized in one of several current expenditure categories.

Metro's total current expenditures are allocated for the specific programs and functions described in the Organizational Summary section contained in the body of this budget document. Sixty-two percent of current expenditures support the operations of Metro facilities such as the Oregon Zoo, the Oregon Convention Center, the Portland Expo Center, Portland Center for the Performing Arts, regional park facilities and solid waste disposal facilities, as well as programs such as waste reduction, recycling information and regional transportation and growth management planning. Another 17 percent is dedicated to debt service on outstanding general obligation and full faith and credit bonds, and 21 percent is allocated for capital outlay and improvements to various facilities and acquisition of new natural areas. The final one percent is allocated for specific requirements such as the cemetery perpetual care, risk management, rehabilitation and enhancement, and the Smith and Bybee wetlands.

Interfund transfers between funds and contingencies for unforeseen needs, such as unexpected increases in costs or drops in revenue, make up the balance of Metro expenditure requirements.

FY 2012-13 Total requirements

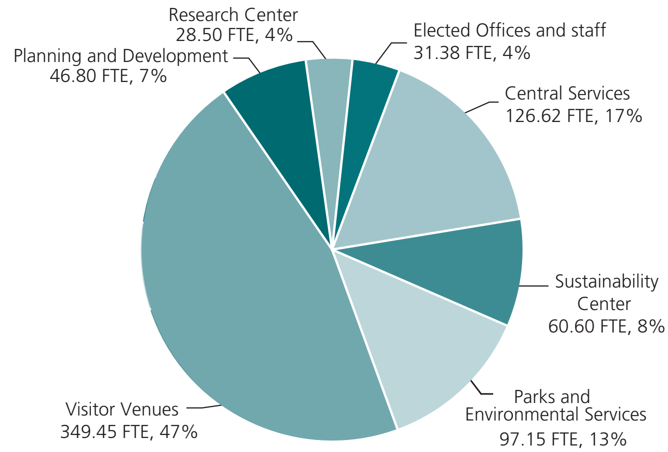


Total requirements $535,817,582

CURRENT EXPENDITURES

Current expenditures consist of amounts to be paid out in the current fiscal year by categories defined in budget law. This includes payments for operations, debt service, capital improvements and acquisitions. The major elements of current expenditures and the percentage of total current expenditures they represent include the following:

FY 2012-13 FTE positions by function



Total FTE 740.50

Personnel services– 25 percent

Metro plans to spend about $80 million for salaries and wages and related expenditures for its employees in FY 2012-13. Personnel services includes employee related benefit costs such as health and welfare and pension contributions. Fringe benefits are about 40 percent of salaries and wages, and 29 percent of total personnel services costs. For a more detailed discussion of fringe benefits refer to the appendix "Fringe benefit rate calculation." A ten-year comparison of salaries, wages and benefits is provided later in this section.

The FY 2012-13 budget includes 740.5 full-time equivalent positions, a reduction of 14.99 FTE. "FTE" means regular, benefit-eligible full or part-time positions. While temporary, seasonal and event-related labor costs are reflected in the total personnel services expenditures, these employees are not considered as FTE. A discussion of staff levels is provided later in this section.

Materials and Services– 37 percent

Metro plans to spend about $116 million on materials and services in FY 2012-13. Large expenditures in this area include solid waste transfer station operations and the transport of solid waste to the Columbia Ridge Landfill in Gilliam County (about $31.4 million). Materials and services at the visitor venues (Oregon Convention Center, the Oregon Zoo and the Portland Center for the Performing Arts, the Portland Expo Center) also include $36.5 million for contracted operations.

Capital outlay– 21 percent

Approximately $65.8 million is provided for capital expenditures. These funds provide for land acquisitions and major capital improvement projects at various facilities. The largest uses of capital funds are $30 million for land acquisition and capital expenditures related to the Natural Areas program, $19 million for capital improvements at the Oregon Zoo under the Oregon Zoo Infrastructure and Animal Welfare bond measure, $5.4 million for solid waste facility capital projects, and $3.3 million for capital improvements at MERC facilities. Another $3.6 million is provided for various renewal and replacement projects at the Oregon Zoo, regional parks or Metro Regional Center including information technology infrastructure. Capital expenditures include purchases of land and equipment, improvements to facilities and other capital related expenditures. Projects costing $100,000 or more are included in Metro's capital improvement plan, updated and adopted annually.

Debt service– 17 percent

Debt service provides for payments on general obligation and full faith and credit bonds sold for the Oregon Convention Center, Metro Regional Center, the Open Spaces Acquisition program, the Natural Areas program, the Expo Center and the Oregon Zoo. Debt service payments increase by 55 percent in FY 2012-13. In May 2012 Metro issued $140 million in additional general obligation debt under the Natural Areas and Oregon Zoo Infrastructure and Animal Welfare authorizations. Debt service on these new obligations begins during FY 2012-13.

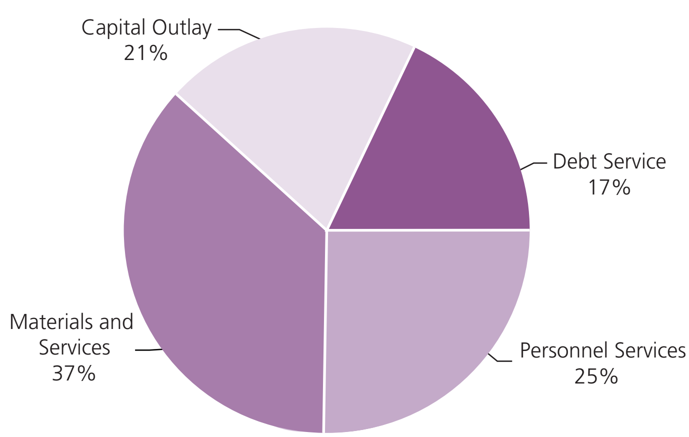
INTERFUND TRANSFERS

Metro budgets its resources in separate and distinct funds. Transfers between funds are made to pay for the cost of services provided in one fund for the benefit of another (e.g., payroll, fleet, etc.) or to share resources between funds. Interfund transfers in FY 2012-13 total about $23.2 million. Interfund transfers appear as both a resource to the receiving fund and a requirement for the transferring fund in the budget. An explanation of all transfers is provided in the appendices of the detail budget volume.

CONTINGENCY

Contingencies in each fund are created to provide for unforeseen requirements such as unexpected increases in costs or drops in revenue. These funds may be spent only after an action of the Metro Council authorizes transferring appropriations from contingency to an expenditure line item.

FY 2012-13 Current expenditures by budget category



Current Expenditures	
Personnel Services	$79,964,117
Materials and Services	$116,199,406
Capital Outlay	$65,845,165
Debt Service	$54,769,223
Subtotal Current Expenditures	$316,777,911
Interfund Transfers:	
Interfund Reimbursements	$10,118,777
Internal Service Transfers	$4,143,190
Interfund Loan	$2,431,000
Fund Equity Transfers	$6,522,471
Subtotal Interfund Transfers	$23,215,438
Contingency	$61,037,639
Ending Fund Balance	$134,786,594
TOTAL REQUIREMENTS	**$535,817,582**

Total current expenditures $316,777,911

FY 2012-13 Fund Summary by Category

	Operating Funds	Capital / Bond Funds	Debt Service Funds	Other Funds	Total
Resources					
Beginning Fund Balance	*$91,597,747*	*$184,353,041*	*$11,072,334*	*$8,412,625*	*$295,435,747*
Current Revenues					
Real Property Taxes	12,081,132	0	39,076,596	0	51,157,728
Excise Tax	17,399,971	0	0	0	17,399,971
Other Derived Tax Revenue	0	0	0	75,000	75,000
Grants	11,189,783	1,033,900	0	50,000	12,273,683
Local Government Shared Revenues	13,671,720	0	0	0	13,671,720
Contributions from other Governments	3,723,036	0	0	0	3,723,036
Enterprise Revenue	114,858,502	0	0	913,889	115,772,391
Interest Earnings	364,161	673,370	75,027	40,342	1,152,900
Donations	710,027	896,000	0	0	1,606,027
Other Misc. Revenue	328,941	0	0	5,000	333,941
Subtotal Current Revenues	174,327,273	2,603,270	39,151,623	1,084,231	217,166,397
Interfund Transfers:					
Interfund Reimbursements	8,591,807	0	0	1,526,970	10,118,777
Internal Service Transfers	4,078,568	0	0	64,622	4,143,190
Interfund Loan	2,431,000	0	0	0	2,431,000
Fund Equity Transfers	1,039,153	2,393,281	3,090,037	0	6,522,471
Subtotal Interfund Transfers	16,140,528	2,393,281	3,090,037	1,591,592	23,215,438
Total Resources	**$282,065,548**	**$189,349,592**	**$53,313,994**	**$11,088,448**	**$535,817,582**
Requirements					
Current Expenditures					
Personnel Services	77,824,710	2,139,407	0	0	79,964,117
Materials and Services	100,801,093	12,333,396	0	3,064,917	116,199,406
Capital Outlay	8,950,183	56,894,982	0	0	65,845,165
Debt Service	1,654,290	0	53,114,933	0	54,769,223
Subtotal Current Expenditures	189,230,276	71,367,785	53,114,933	3,064,917	316,777,911
Interfund Transfers:					
Interfund Reimbursements	8,537,457	1,581,320	0	0	10,118,777
Internal Service Transfers	3,510,301	494,583	0	138,306	4,143,190
Interfund Loan	2,431,000	0	0	0	2,431,000
Fund Equity Transfers	6,207,583	19,681	0	295,207	6,522,471
Subtotal Interfund Transfers	20,686,341	2,095,584	0	433,513	23,215,438
Contingency	26,714,547	33,343,092	0	980,000	61,037,639
Ending Fund Balance	45,434,384	82,543,131	199,061	6,610,018	134,786,594
Total Requirements	**$282,065,548**	**$189,349,592**	**$53,313,994**	**$11,088,448**	**$535,817,582**
Full-Time Equivalents (FTE)	721.30	19.20	0.00	0.00	740.50

Fund Summary Highlights

Operating Funds

The operating funds include the General Fund, the Metropolitan Exposition Recreation Commission Fund and the Solid Waste Revenue Fund. A more detailed presentation of the operating funds follows this section.

- Property taxes reflect Metro's permanent operating rate of $0.0966/$1,000 of assessed value assuming a 2.75 percent increase in assessed value and a 94.5 percent collectible rate.
- Local Government Shared Revenues include a 9 percent increase in transient lodging tax and 58 percent increase in the Visitor Development Fund allocation. Both sources provide funding for MERC facilities and operations.
- The reduction in grants recognizes the delay in the federal reauthorization of discretionary transportation allocations as well as the completion or near completion of specific grant funds such as HB 2001 Green House Gas funding from ODOT.
- Enterprise revenues include an 11 percent increase in solid waste revenues; 5 percent increase in revenues generated at the Oregon Zoo; 4 percent decrease at MERC primarily in Expo Center revenues; and a 2 percent decrease in regional parks fees primarily from a reduction in Glendoveer Golf Course contract revenue.
- A $2.2 million interfund loan from the General Fund to the MERC Fund to pay for the Eastside Streetcar local improvement district assessment on the Oregon Convention Center is included in the budget. Also included is the first of ten annual installment payments from MERC to repay the loan. These are reflected as both an interfund revenue as well as an interfund expense.
- Personnel services reflect the reduction of 13.91 FTE as well as salary adjustment increases for COLA, merit and step for the remaining staff as specified in collective bargaining agreements. Health and welfare contribution costs are budgeted to increase by 10 percent.
- Contingencies are replenished following Council approved financial policies.

Capital/Bond Funds

The capital/bond funds include the General Asset Management Fund, the Natural Areas Fund, the Open Spaces Fund and the Oregon Zoo Infrastructure and Animal Welfare Fund.

- The Open Spaces Fund, Natural Areas Fund, and Oregon Zoo Infrastructure and Animal Welfare Fund are funded through the sale of general obligation bonds following voter authorization in 1995, 2006 and 2008, respectively.
- In May 2012 Metro issued an additional $75 million in bonds for the Natural Areas program and $65 million for Zoo Infrastructure projects. This results in a tripling in the amount available for beginning fund balance.
- Significant project expenditures in FY 2012-13 include:
    - $15 million for the elephant habitat and related infrastructure at the Oregon Zoo.
    - $2 million for the onsite condor facility at the Oregon Zoo.
    - $30 million for land acquisition under the Natural Areas program.
    - $10 million for local share payments under the Natural Areas program.
    - $3.8 million in renewal and replacement projects at the Oregon Zoo, regional parks and Metro Regional Center.

Debt Service Funds

The debt service funds include the General Revenue Bond Fund and the General Obligation Bond Debt Service Fund.

- Property taxes provide for the first year of debt service on the $140 million of new bonds issued in May 2012.

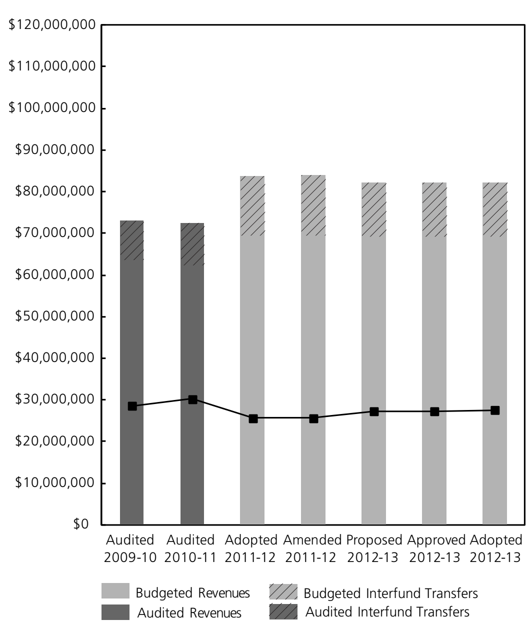
Other Funds

The other funds include the Pioneer Cemetery Perpetual Care Fund, the Rehabilitation and Enhancement Fund, the Risk Management Fund and the Smith and Bybee Wetlands Fund.

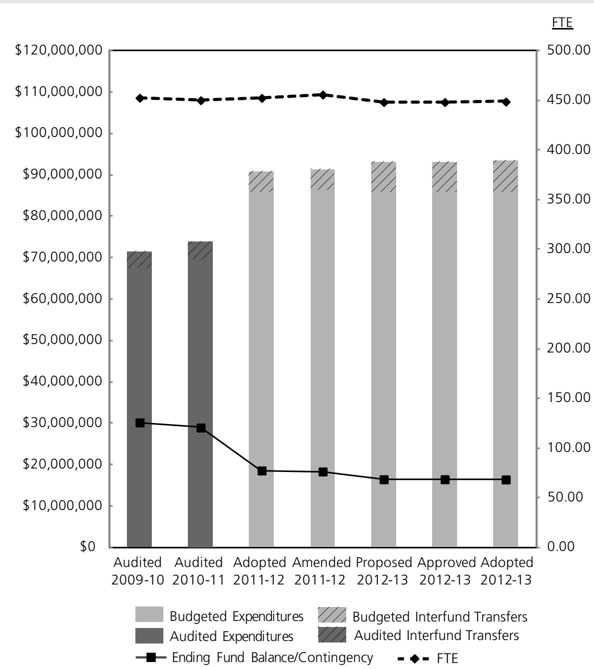
FY 2012-13 General Fund Summary

	Audited FY 2009-10	Audited FY 2010-11	Adopted FY 2011-12	Amended FY 2011-12	Proposed FY 2012-13	Approved FY 2012-13	Adopted FY 2012-13	Change from FY 2011-12 Amended
RESOURCES								
Beginning Fund Balance	$28,627,795	$30,194,768	$25,619,555	$25,619,555	$27,316,057	$27,316,057	$27,621,707	7.81%
Current Revenues								
Real Property Taxes	11,232,027	11,569,455	11,767,309	11,767,309	12,081,132	12,081,132	12,081,132	2.67%
Excise Tax	14,392,093	15,508,750	16,705,765	16,705,765	17,399,971	17,399,971	17,399,971	4.16%
Grants	11,299,557	9,421,745	12,080,756	12,172,196	10,738,583	10,738,583	10,738,583	(11.78%)
Local Gov't Shared Revenues	509,323	468,776	553,644	553,644	539,087	539,087	539,087	(2.63%)
Contributions from other Gov'ts	1,505,000	9,128	3,024,060	3,024,060	2,929,628	2,929,628	2,929,628	(3.12%)
Enterprise Revenue	21,263,900	21,880,352	23,943,766	24,001,391	24,741,551	24,741,551	24,741,551	3.08%
Interest Earnings	220,523	230,215	107,000	107,000	31,000	31,000	31,000	(71.03%)
Donations	1,245,662	1,291,007	1,065,100	1,065,100	500,927	500,927	500,927	(52.97%)
Other Misc. Revenue	1,935,746	1,920,970	138,689	138,689	173,881	173,881	173,881	25.37%
Subtotal Current Revenues	**63,603,831**	**62,300,398**	**69,386,089**	**69,535,154**	**69,135,760**	**69,135,760**	**69,135,760**	**(0.57%)**
Interfund Transfers:								
Interfund Reimbursements	6,580,770	7,271,150	7,640,708	7,640,708	8,591,807	8,591,807	8,591,807	12.45%
Internal Service Transfers	2,628,680	2,797,314	2,904,264	2,959,804	4,045,103	4,045,103	4,045,103	36.67%
Interfund Loan	0	0	0	0	231,000	231,000	231,000	0.00%
Fund Equity Transfers	100,000	132,278	3,720,765	3,811,973	295,207	295,207	295,207	(92.26%)
Subtotal Interfund Transfers	**9,309,450**	**10,200,742**	**14,265,737**	**14,412,485**	**13,163,117**	**13,163,117**	**13,163,117**	**(8.67%)**
TOTAL RESOURCES	**$101,541,076**	**$102,695,908**	**$109,271,381**	**$109,567,194**	**$109,614,934**	**$109,614,934**	**$109,920,584**	**0.32%**
REQUIREMENTS								
Current Expenditures								
Personnel Services	44,517,228	45,524,111	50,041,154	50,349,803	50,592,113	50,592,113	50,638,357	0.57%
Materials and Services	21,288,597	22,140,052	34,073,835	34,198,078	33,124,592	33,124,592	33,230,242	(2.83%)
Capital Outlay	40,838	199,492	25,500	25,500	244,325	244,325	244,325	858.14%
Debt Service	1,472,339	1,529,472	1,588,215	1,588,215	1,654,290	1,654,290	1,654,290	4.16%
Subtotal Current Expenditures	**67,319,002**	**69,393,127**	**85,728,704**	**86,161,596**	**85,615,320**	**85,615,320**	**85,767,214**	**(0.46%)**
Interfund Transfers:								
Interfund Reimbursements	445,013	476,219	727,260	727,260	555,274	555,274	555,274	(23.65%)
Interfund Loan	0	0	0	0	2,200,000	2,200,000	2,200,000	0.00%
Fund Equity Transfers	3,582,293	3,862,335	4,222,304	4,326,346	4,766,251	4,766,251	4,966,251	14.79%
Subtotal Interfund Transfers	**4,027,306**	**4,338,554**	**4,949,564**	**5,053,606**	**7,521,525**	**7,521,525**	**7,721,525**	**52.79%**
Contingency	0	0	3,929,617	3,562,142	3,831,000	3,831,000	3,771,000	5.86%
Ending Fund Balance	*$30,194,768*	*$28,964,227*	*$14,663,496*	*$14,789,850*	*$12,647,089*	*$12,647,089*	*$12,660,845*	*(14.40%)*
TOTAL REQUIREMENTS	**$101,541,076**	**$102,695,908**	**$109,271,381**	**$109,567,194**	**$109,614,934**	**$109,614,934**	**$109,920,584**	**0.32%**
FULL-TIME EQUIVALENTS	452.59	450.15	452.46	455.81	448.25	448.25	448.75	(1.55%)
FTE CHANGE FROM FY 2011-12 AMENDED BUDGET								(7.06)

Current revenues and fund balance



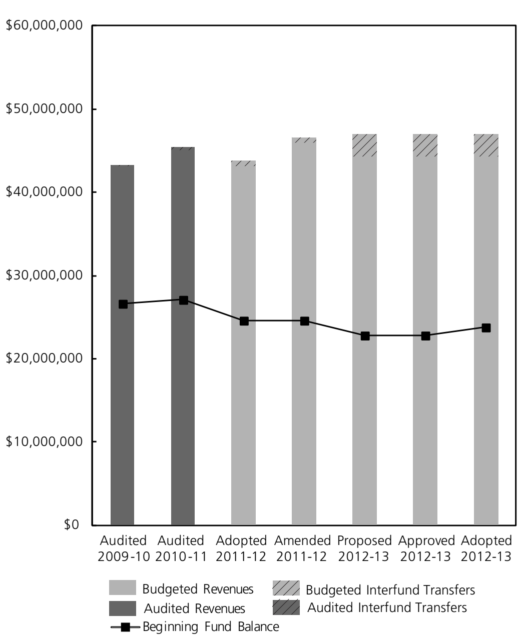
Current expenditures and full time equivalents



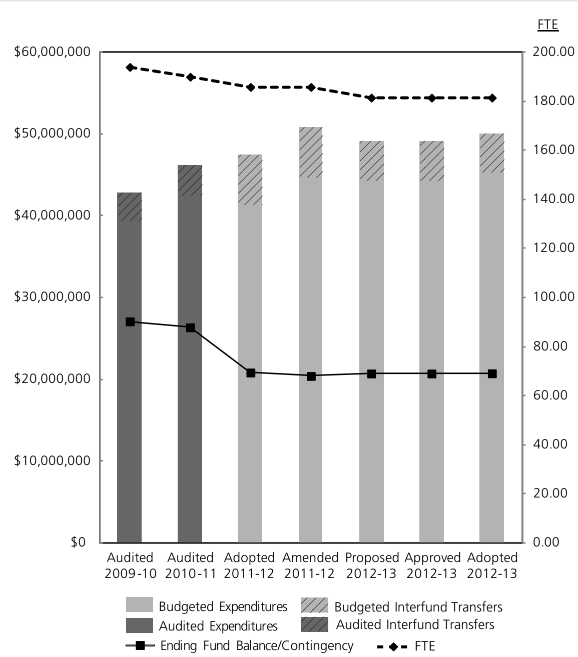
FY 2012-13 MERC Fund Summary

	Audited FY 2009-10	Audited FY 2010-11	Adopted FY 2011-12	Amended FY 2011-12	Proposed FY 2012-13	Approved FY 2012-13	Adopted FY 2012-13	Change from FY 2011-12 Amended
RESOURCES								
Beginning Fund Balance	$26,619,235	$27,089,536	$24,590,569	$24,590,569	$22,804,690	$22,804,690	$23,776,767	(3.31%)
Current Revenues								
Grants	190,976	584,808	46,675	46,675	220,000	220,000	220,000	371.34%
Local Gov't Shared Revenues	9,897,188	11,514,905	11,155,335	11,155,335	13,132,633	13,132,633	13,132,633	17.73%
Contributions from other Gov'ts	766,100	767,019	784,320	784,320	793,408	793,408	793,408	1.16%
Enterprise Revenue	29,511,836	31,521,463	30,282,749	33,152,893	29,637,393	29,637,393	29,637,393	(10.60%)
Interest Earnings	170,773	111,166	122,806	122,806	135,412	135,412	135,412	10.26%
Donations	2,376,370	374,713	610,000	610,000	185,000	185,000	209,100	(65.72%)
Other Misc. Revenue	182,973	121,174	131,090	131,090	122,060	122,060	122,060	(6.89%)
Subtotal Current Revenues	**43,096,216**	**44,995,248**	**43,132,975**	**46,003,119**	**44,225,906**	**44,225,906**	**44,250,006**	**(3.81%)**
Interfund Transfers:								
Interfund Loan	0	0	0	0	2,200,000	2,200,000	2,200,000	0.00%
Fund Equity Transfers	187,252	475,000	591,510	594,822	568,633	568,633	568,633	(4.40%)
Subtotal Interfund Transfers	**187,252**	**475,000**	**591,510**	**594,822**	**2,768,633**	**2,768,633**	**2,768,633**	**365.46%**
TOTAL RESOURCES	**$69,902,703**	**$72,559,784**	**$68,315,054**	**$71,188,510**	**$69,799,229**	**$69,799,229**	**$70,795,406**	**(0.55%)**
REQUIREMENTS								
Current Expenditures								
Personnel Services	16,800,140	17,212,893	17,788,181	17,791,493	17,567,418	17,567,418	17,567,418	(1.26%)
Materials and Services	20,706,426	21,195,003	20,485,330	23,712,809	24,207,086	24,207,086	24,341,158	2.65%
Capital Outlay	1,674,763	4,006,479	3,066,366	3,116,366	2,507,000	2,507,000	3,344,077	7.31%
Debt Service	136,362	0	0	0	0	0	0	0.00%
Subtotal Current Expenditures	**39,317,691**	**42,414,375**	**41,339,877**	**44,620,668**	**44,281,504**	**44,281,504**	**45,252,653**	**1.42%**
Interfund Transfers:								
Interfund Reimbursements	2,318,844	2,492,498	2,906,621	2,906,621	3,227,725	3,227,725	3,227,725	11.05%
Internal Service Transfers	0	0	77,884	105,654	161,056	161,056	161,056	52.44%
Interfund Loan	0	0	0	0	231,000	231,000	231,000	0.00%
Fund Equity Transfers	1,176,632	1,295,063	3,158,261	3,150,605	1,187,132	1,187,132	1,187,132	(62.32%)
Subtotal Interfund Transfers	**3,495,476**	**3,787,561**	**6,142,766**	**6,162,880**	**4,806,913**	**4,806,913**	**4,806,913**	**(22.00%)**
Contingency	0	0	7,633,716	4,336,123	7,613,240	7,613,240	7,838,268	80.77%
Ending Fund Balance	*$27,089,536*	*$26,357,848*	*$13,198,695*	*$16,068,839*	*$13,097,572*	*$13,097,572*	*$12,897,572*	*(19.74%)*
TOTAL REQUIREMENTS	**$69,902,703**	**$72,559,784**	**$68,315,054**	**$71,188,510**	**$69,799,229**	**$69,799,229**	**$70,795,406**	**(0.55%)**
FULL-TIME EQUIVALENTS	194.00	190.00	185.85	185.85	181.50	181.50	181.50	(2.34%)
FTE CHANGE FROM FY 2011-12 AMENDED BUDGET								(4.35)

Current revenues and fund balance



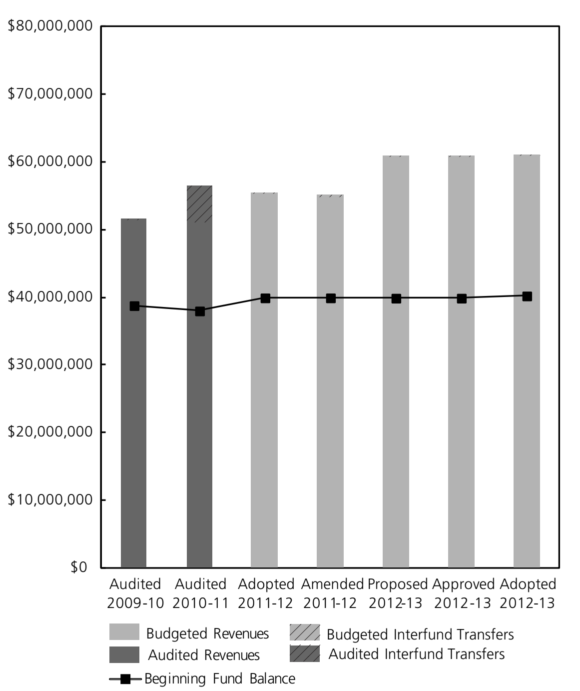
Current expenditures and full-time equivalents



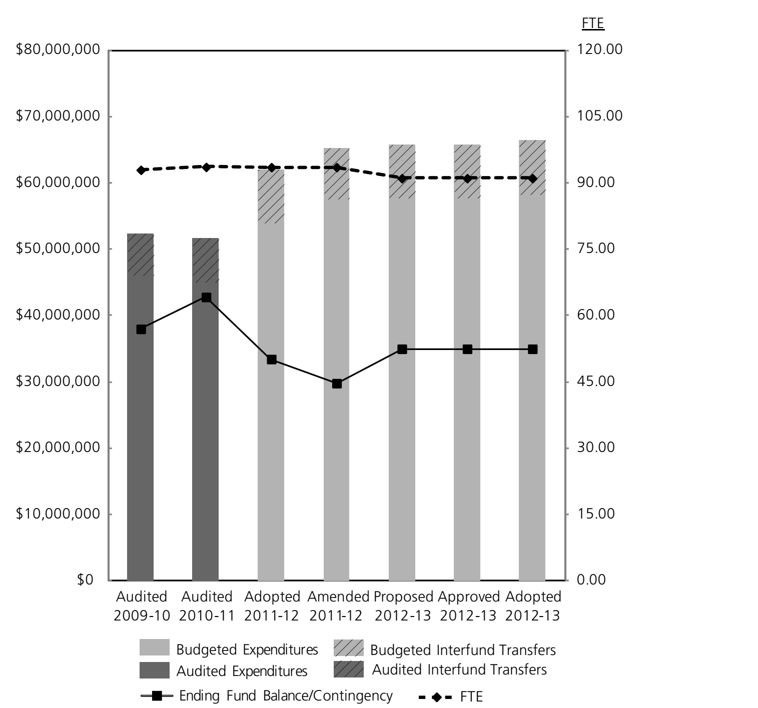
FY 2012-13 Solid Waste Fund Summary

	Audited FY 2009-10	Audited FY 2010-11	Adopted FY 2011-12	Amended FY 2011-12	Proposed FY 2012-13	Approved FY 2012-13	Adopted FY 2012-13	Change from FY 2011-12 Amended
RESOURCES								
Beginning Fund Balance	$38,769,438	$37,982,914	$39,914,107	$39,914,107	$39,870,473	$39,870,473	$40,199,273	0.71%
Current Revenues								
Grants	4,093	3,134	317,660	317,660	0	0	231,200	(27.22%)
Enterprise Revenue	50,816,204	50,687,036	54,684,462	54,335,595	60,479,558	60,479,558	60,479,558	11.31%
Interest Earnings	367,099	301,014	196,526	196,526	197,749	197,749	197,749	0.62%
Donations	40,537	0	0	0	0	0	0	0.00%
Other Misc. Revenue	129,520	102,318	33,000	33,000	33,000	33,000	33,000	0.00%
Subtotal Current Revenues	**51,357,453**	**51,093,502**	**55,231,648**	**54,882,781**	**60,710,307**	**60,710,307**	**60,941,507**	**11.04%**
Interfund Transfers:								
Internal Service Transfers	32,662	32,962	33,287	33,287	33,465	33,465	33,465	0.53%
Fund Equity Transfers	127,140	5,413,487	204,588	234,338	175,313	175,313	175,313	(25.19%)
Subtotal Interfund Transfers	**159,802**	**5,446,449**	**237,875**	**267,625**	**208,778**	**208,778**	**208,778**	**(21.99%)**
TOTAL RESOURCES	**$90,286,693**	**$94,522,865**	**$95,383,630**	**$95,064,513**	**$100,789,558**	**$100,789,558**	**$101,349,558**	**6.61%**
REQUIREMENTS								
Current Expenditures								
Personnel Services	8,464,293	8,854,425	9,763,118	9,792,868	9,618,935	9,618,935	9,618,935	(1.78%)
Materials and Services	36,915,015	35,581,343	40,475,580	44,075,580	42,829,693	42,829,693	43,229,693	(1.92%)
Capital Outlay	549,264	497,338	3,726,000	3,606,000	5,201,781	5,201,781	5,361,781	48.69%
Subtotal Current Expenditures	**45,928,572**	**44,933,106**	**53,964,698**	**57,474,448**	**57,650,409**	**57,650,409**	**58,210,409**	**1.28%**
Interfund Transfers:								
Interfund Reimbursements	4,090,297	4,353,932	4,363,236	4,363,236	4,754,458	4,754,458	4,754,458	8.97%
Internal Service Transfers	1,968,050	2,116,816	2,111,472	2,139,242	3,349,245	3,349,245	3,349,245	56.56%
Fund Equity Transfers	316,860	326,456	1,514,030	1,296,402	54,200	54,200	54,200	(95.82%)
Subtotal Interfund Transfers	**6,375,207**	**6,797,204**	**7,988,738**	**7,798,880**	**8,157,903**	**8,157,903**	**8,157,903**	**4.60%**
Contingency	0	0	14,588,745	10,949,736	15,105,279	15,105,279	15,105,279	37.95%
Ending Fund Balance	*$37,982,914*	*$42,792,555*	*$18,841,449*	*$18,841,449*	*$19,875,967*	*$19,875,967*	*$19,875,967*	*5.49%*
TOTAL REQUIREMENTS	**$90,286,693**	**$94,522,865**	**$95,383,630**	**$95,064,513**	**$100,789,558**	**$100,789,558**	**$101,349,558**	**6.61%**
FULL-TIME EQUIVALENTS	92.95	93.60	93.55	93.55	91.05	91.05	91.05	(2.67%)
FTE CHANGE FROM FY 2011-12 AMENDED BUDGET								(2.50)

Current revenues and fund balance

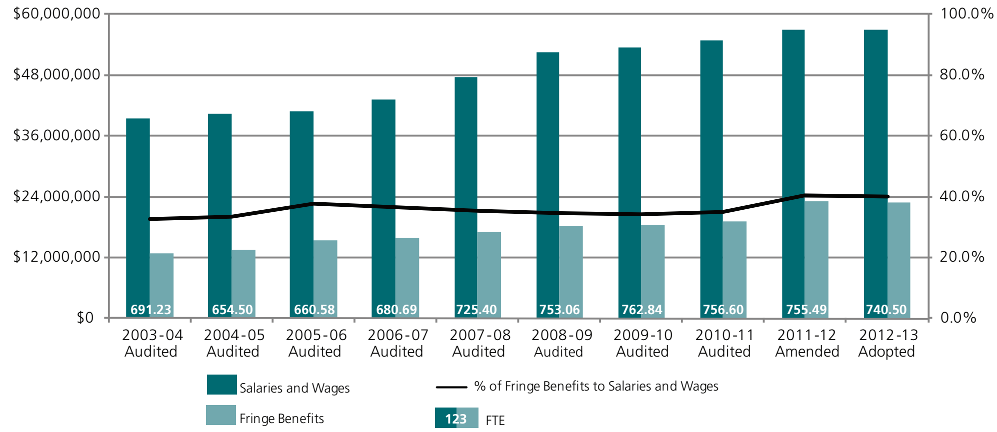


Current expenditures and full-time equivalents



Salaries, wages and benefits

FY 2012-13 Comparison of salaries and wages



Over the 10-year period authorized FTE has risen by approximately 49 FTE. Seventy percent of the increase is attributable to the addition of the Natural Areas bond program authorized by the voters in 2006, the Oregon Zoo Infrastructure and Animal Welfare bond program authorized by the voters in 2008 or the reclassification of stagehands in 2007 from non-FTE-event related staff to regular FTE staff. Many of the remaining increases are the result of additions for specific projects such as the Community Investment Initiative, Active Transportation, Greenhouse Gas scenarios, Diversity program, internal training and the web redesign project. The positions are a combination of limited duration and regular status.

Salaries are a reflection of authorized FTE and are adjusted based on cost of living, step increase or merit awards and other collective bargaining factors. Metro has eight collective bargaining units. AFSCME 3580 and LIUNA 483, the two largest collective bargaining units representing approximately 50 percent of all regular staff and 70 percent of represented regular staff, have agreements in place through June 30, 2014. Both agreements provide for cost of living adjustments with set minimums and maximums as determined by CPI. The budget provides for a cost of living adjustment for regular represented employees ranging from 2.6 percent to 3.0 percent depending on bargaining unit, and a merit pool for non-represented employees of 2.6 percent. Highly compensated employees currently making more than $160,000 will receive no salary adjustment in FY 2012-13. Metro's salary plan remains competitive in the market although there may be slight adjustments to salary ranges for specific classifications.

Fringe benefits include components such as payroll taxes, pension contribution and health and welfare premiums. Overall costs are driven primarily by two factors: pension contributions and health and welfare premiums. The PERS rate saw a significant increase of 5.2 percent effective July 1, 2011. Anticipating this outcome, the Metro Council decided in FY 2009-10 to reserve for two years the 3 percent rate reduction of that actuarial period as a hedge against future rate increases. This reserve is now being used to reduce PERS related costs associated with the outstanding pension liability bonds, resulting in a 3 percent offset to the rate increase for a period of about three years.

The PERS rate is divided into two components – the employer rate and the employee contribution. The employer rate is determined through actuarial studies performed every two years. The employee pick-up rate is set at 6 percent. For years, Metro has paid the employee contribution on behalf of the employee, except for one collective bargaining group which opted at the time to receive the salary increase. Beginning July 1, 2011, all newly hired non-represented employees began paying their own PERS employee contributions. Beginning July 1, 2012, all newly hired AFSCME employees will begin paying their own PERS employee contributions.

Metro provides medical, dental and vision coverage on behalf of its employees. Prior to FY 2011-12 the agency's cost was subject to a cap set by the Metro Council for non-represented employees and through collective bargaining for represented employees. Monthly premium costs above the cap were paid by the employee. Historically, the cap increased approximately 5 percent annually. However, collective bargaining agreements negotiated a 10 percent cap increase from FY 2008-09 through FY 2010-11. Beginning in FY 2011-12 Metro moved to a cost sharing plan where the agency picks up a set percentage amount of the premium based on an employee's health and welfare elections. Non-represented employees receive a 92 percent employer share and 8 percent employee share; represented employees, a 94 percent/6 percent cost sharing plan. As an agency, the budget assumes its total health and welfare costs will increase approximately 10 percent over the current year. Actual costs will depend on provider proposals received each spring, which are reviewed by the agency's Joint Labor Management Committee on health care, and the enrollment choices made by Metro employees.

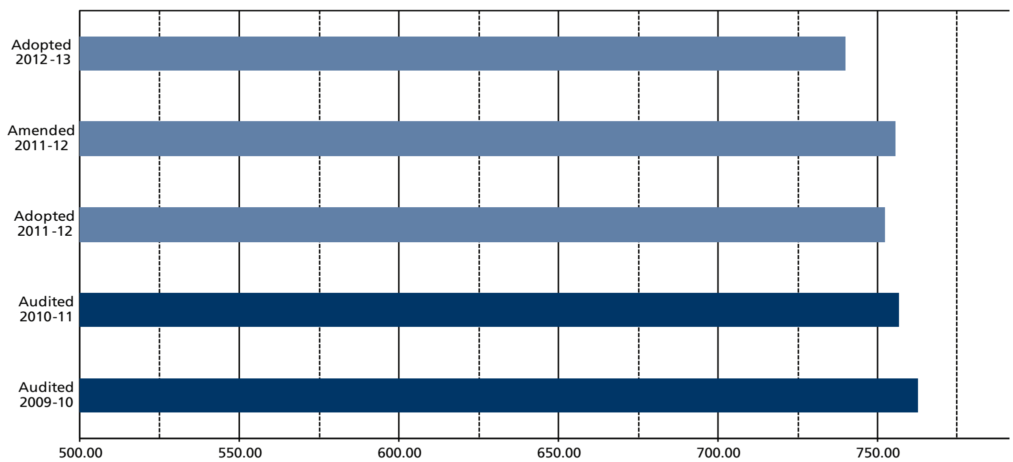
The appendices in the Detail volume provide more discussion on fringe benefit components.

Staff levels

Metro counts regular, benefit-eligible staff positions by full-time equivalent (FTE). One FTE equals one person working full-time for one year (2,080 hours). One FTE most often is one person working full-time, but it may also be two people each working half-time, or some other combination of people whose total work time does not exceed 2,080 hours. Temporary, seasonal and MERC part-time, event-related positions are not included in the FTE chart.

Staffing levels since the beginning of the recession have gradually decreased, with the greatest change coming in FY 2012-13. Recent staffing changes by service area reflect the continuing consolidations and realignments arising from the Sustainable Metro Initiative. The majority of SMI changes were in place in FY 2009-10, the base year in the chart below. Since then changes have continued with the consolidation of the MERC business functions into Human Resources, Information Services and Finance and Regulatory Services. For FY 2012-13 the proposed budget reflects the consolidation of Conservation and Environment Education staff, transferring staff from the Sustainability Center to the Oregon Zoo.

Historic staffing levels - overall



Historic staffing levels by service

	Audited FY 09-10	Audited FY 10-11	Adopted FY 11-12	Amended FY 11-12	Adopted FY 12-13	% Change from FY 11-12	% Change from FY 09-10
Office of the Metro Auditor	6.00	6.00	6.00	6.00	6.00	0.00%	0.00%
Office of the Council	26.90	25.25	24.00	25.38	25.38	0.00%	(5.65%)
Office of Metro Attorney	15.50	15.50	15.50	15.12	14.50	(4.10%)	(6.45%)
Communications	21.00	22.00	21.00	22.00	22.00	0.00%	4.76%
Finance and Regulatory Services	44.70	43.70	43.70	43.70	45.87	4.97%	2.62%
Human Resources	16.00	16.50	19.00	18.00	17.75	(1.39%)	10.94%
Information Services	24.50	23.50	26.00	26.00	25.50	(1.92%)	4.08%
Planning & Development	57.60	57.20	55.38	55.96	46.80	(16.37%)	(18.75%)
Parks & Environmental Services	104.55	98.55	96.80	97.30	97.15	(0.15%)	(7.08%)
Research Center	31.18	32.67	30.70	31.47	28.50	(9.44%)	(8.60%)
Sustainability Center	62.93	69.75	69.35	69.40	60.60	(12.68%)	(3.70%)
Visitor Venues	351.98	345.98	344.66	345.16	349.45	1.24%	(0.72%)
Non-Departmental	0.00	0.00	0.00	0.00	1.00	n/a	n/a
TOTAL	**762.84**	**756.60**	**752.09**	**755.49**	**740.50**	**(1.98%)**	**(2.93%)**

Staffing changes for FY 2012-13

The FY 2012-13 proposed budget reduces the number of authorized positions by a net 15 FTE. This includes the expiration of 7.4 limited duration positions as scheduled. The budget also eliminates 12.5 positions, a mix of management and represented positions, the majority of which have been managed by attrition. Some of these reductions reflect successfully completed projects; some reflect program efficiencies brought about by consolidation or increased automation. But the most difficult reductions reflect flat or slow growing general revenues, and declining grant revenues and activity-based revenues.

Planning and Development faces the most significant challenges, programmatically and financially. The major policy work supporting the 2040 Growth Concept has been completed successfully, changing the focus from planning to implementation. Federal transportation funding and specific project grant funding, the major funding sources for Planning and Development, are in short supply. Reorganizing to meet the program changes and resizing to fit the available funding will be difficult. The proposed budget eliminates long term positions, many associated with core transportation grant funding, a total of more than nine positions. These changes also impact the transportation modeling services of the Research Center. Climate change work funded with state transportation dollars (HB 2001 greenhouse gas scenarios) is also winding down.

The second largest change appears in the Sustainability Center. Just over six positions are transferred to the Oregon Zoo, reflecting the consolidation of the education program. Limited duration positions related to climate preparedness and parks planning are concluded.

The budget does propose an additional 4.9 FTE, two ongoing animal keeper positions at the Oregon Zoo and 2.9 limited duration positions assigned to specific projects. The animal keeper positions, offset by reducing temporary service employees, will provide continuous, safer and better care for the animals. The limited duration positions are related to the 2-year website conversion project, the Community Investment Initiative, a special policy advisor transferred from the Office of Metro Attorney for a short term assignment, and a part-time GIS specialist for multi-modal data collection. In addition, a policy advisor position assigned to the Community Investment Initiative will become a regular position.

Full-time equivalent changes by organizational unit

		FY 2012-13 Changes							
	FY 2011-12 Amended FTE	Approved in FY 2011-12	Changes in FTE	Transferred Positions	Eliminated LD Positions	Eliminated Regular Positions	New Positions	Total FTE Change	FY 2012-13 Proposed FTE
Office of Metro Auditor	6.00	–	–	–		–	–	–	6.00
Council Office	25.38	-	-	-	-	(1.00)	1.00	-	25.38
Office of Metro Attorney	15.12	-	-	-	-	(0.62)	-	(0.62)	14.50
Communications	22.00	-	-	1.00	(1.00)	-	-	-	22.00
Finance and Regulatory Services	43.70	-	-	3.00	-	(0.83)	-	2.17	45.87
Human Resources	18.00	-	(0.25)	-	-	-	-	(0.25)	17.75
Information Services	26.00	-	-	-	(0.50)	-	-	(0.50)	25.50
Planning and Development	55.96	0.42	-	(1.00)	(0.58)	(8.00)	-	(9.16)	46.80
Parks and Environmental Services	97.30	-	(0.15)	-	-	-	-	(0.15)	97.15
Research Center	31.47	-	-	-	(2.97)	(0.50)	0.50	(2.97)	28.50
Sustainability Center	69.40	-	-	(6.30)	(2.00)	(0.50)	-	(8.80)	60.60
Visitor Venues	345.16	-	0.32	3.30	(0.33)	(1.00)	2.00	4.29	349.45
Non-Departmental	-	-	-	-	-	-	1.00	1.00	1.00
TOTAL	**755.49**	**0.42**	**(0.08)**	-	**(7.38)**	**(12.45)**	**4.50**	**(14.99)**	**740.50**

Debt Summary

Debt Summary

Metro uses long and short-term debt to finance capital projects and some capital equipment. The following pages provide a summary of Metro's overall debt level as well as an explanation of Metro's outstanding debt by type and issue.

In May 2012 Moody's Investors Services and Standard & Poor's reaffirmed Metro's Aaa/AAA ("double triple A") underlying bond rating, the highest ratings available. Metro was one of only two local governments in Oregon to obtain the double triple A rating in 2007 and has maintained its ratings through the recession because of the strength of its fund balance and financial policies. The value of the high grade ratings was confirmed in the successful 2012 bond sale which netted Metro both a favorable interest rate and high yield premiums.

SUMMARY OF OVERALL DEBT

Metro has a relatively low level of outstanding debt. As of July 1, 2012, Metro will have 10 debt issues outstanding, totaling $322,870,000. Metro has authorized but unissued debt remaining from the 2006 Natural Areas measure and the 2008 Oregon Zoo Infrastructure and Animal Welfare measure. In May 2012 Metro issued the latest series of bonds under each of these authorizations for $75 million and $65 million, respectively. It is expected that the final bonds will be issued in spring 2015.

The graphs and charts on the following pages summarize Metro's total outstanding debt by fiscal year as well as total debt as a percentage of real market value and assessed value. In addition, the Debt Ratios table shows Metro's level of outstanding debt on a per capita basis and as compared to the estimated real market value of the Metro region. With the passage of Ballot Measure 50 in May 1997, assessed values were rolled back to FY 1994-95 levels less 10 percent and capped at no more than a 3 percent annual increase with exceptions for new construction. In the first 15 years following passage of the measure, real market values rose significantly faster than assessed values. In the past few years as the economy has stuttered, real market value has decreased by more than 20 percent. As a result, the ratio of assessed value to real market value has risen from 53 percent in 2009 to an estimated 76 percent in 2013 (see chart on page B-37). Bonded debt is not subject to compression under Oregon's property tax ballot measure.

Periodically Metro will refund bond issues to take advantage of lower interest rates. Metro currently has six refunding bond issues outstanding. The net present value of the savings from refunding is calculated when the new bonds are issued and is included on the debt service schedules in the detail volume of the budget.

General Obligation Debt: $273,485,000 outstanding

Metro's Charter and Oregon state law require Metro to obtain voter approval prior to issuing any general obligation bonds. Voters have approved five general obligation bond issues: $65 million for the Oregon Convention Center issued in 1987, refunded in 1992 and 2001; $135.6 million for Open Spaces, Parks and Streams issued in three series in 1995, with two of the three series refunded in 2002 and again in 2012; $28.8 million for improvements to the Oregon Zoo issued in 1996 and refunded in 2005; $227.4 million for Natural Areas, the first series of which was issued in April 2007; and $125.0 million for Oregon Zoo infrastructure and projects related to animal welfare, for which two small issues of $5 million and $15 million were placed in December 2008 and August 2010, respectively. In May 2012 Metro issued an additional $75 million under the 2006 Natural Areas authorization and $65 million under the 2008 Oregon Zoo Infrastructure authorization.

State law establishes a limit of 10 percent of real market value on Metro's total general obligation indebtedness. Metro's general obligation debt is 0.16 percent of real market value. The Metro Debt Limitation Comparison table (page B-38) shows a comparison of Metro's outstanding general obligation bonds to the statutory debt limit.

Full Faith and Credit Bonds: $26,560,000 outstanding

Metro issued full faith and credit refunding bonds in 2003, refunding obligations for Metro Regional Center construction and loans to the Oregon Zoo. The Metro Regional Center obligation had been a General Revenue Bond issued in 1993, backed by assessments to Metro departments occupying Metro's headquarters building. The zoo obligations were loans from the Oregon Economic and Community Development Department issued in 1995 and 1996 to pay Metro's share of Westside MAX light rail construction and reconfiguration of the Washington Park parking lot used by zoo patrons. These loans were to be repaid from zoo revenues.

In April 2006 Metro joined with two other Oregon local governments to issue full faith and credit refunding bonds to refund the outstanding obligation remaining on an Oregon Economic Development Department, Special Public Works Fund loan. In April 2000 Metro obtained a loan from the Oregon Bond Bank through the Oregon Economic Development Department, Special Public Works Fund to pay for the construction of a new building to replace the existing Hall D at the Portland Expo Center. The loan was divided into two parts with the first being used to finance the construction of the Hall D replacement. The second part of the loan was for infrastructure improvements associated with the new building. The loan was paid from Metro Expo Center revenues.

The full faith and credit bonds are backed by a broader pledge of Metro revenues, including property taxes used to support operations, and excise taxes levied on users of certain Metro services. The prior funding sources will continue to be used to pay debt service on the full faith and credit bonds, but the additional backing from other Metro revenues provides greater security for bondholders.

Pension Obligation Bonds: $22,825,000 outstanding

In fall 2005 Metro joined with a pool of other local governments in the State of Oregon to issue limited tax pension obligation bonds to fund its share of the Oregon Public Employees Retirement System unfunded actuarial liability. Metro's share of the total principal will be repaid over a period of 22 years through assessments on operating units in exchange for a lower pension cost.

PLANNED DEBT

In May 2012 Metro issued the latest series of general obligation bonds under both the 2006 Natural Areas authorization and the 2008 Oregon Zoo Infrastructure and Animal Welfare authorization. The total new debt issued was $140 million: $75 million for Natural Areas and $65 million for Oregon Zoo Infrastructure. With this issuance, there is a balance remaining on the Natural Areas authorization of $28.105 million and on the Oregon Zoo Infrastructure authorization of $40 million. Metro expects to issue the final series of bonds under both authorizations in the spring of 2015. Current plans are to structure debt payments such that all issues are repaid within 20 years from the date of the original authorization; with final maturity in 2026 for the Natural Areas bonds and 2028 for the Oregon Zoo Infrastructure and Animal Welfare bonds.

Outstanding debt issues

	Original Amount	Original Issue Date	Principal Outstanding	Final Maturity	Source of Payment
GENERAL OBLIGATION BONDS					
General Obligation Refunding Bonds					
Oregon Convention Center 2001 Series A	$47,095,000	6/15/01	$5,290,000	1/1/2013	Property Taxes
Open Spaces, Parks, and Streams 2002 Series	92,045,000	10/30/02	8,690,000	9/1/2012	Property Taxes
Metro Washington Park Zoo Oregon Project 2005 Series	18,085,000	5/12/05	9,985,000	1/15/2017	Property Taxes
Open Spaces, Parks, and Streams 2012B Series	27,575,000	6/6/12	27,575,000	6/1/2015	Property Taxes
General Obligation Bonds					
Natural Areas 2007 Series	124,295,000	4/3/07	81,945,000	6/1/2026	Property Taxes
Natural Areas 2012A Series	75,000,000	6/6/12	75,000,000	6/1/2026	Property Taxes
Oregon Zoo Infrastructure 2012A Series	65,000,000	6/6/12	65,000,000	6/1/2028	Property Taxes
TOTAL GENERAL OBLIGATION BONDS OUTSTANDING			**$273,485,000**		
FULL FAITH AND CREDIT BONDS					
Full Faith and Credit Refunding Bonds					
2003 Series	$24,435,000	10/16/03	$15,000,000	8/1/2022	General Revenues
2006 Series	14,700,000	4/20/06	11,560,000	12/1/2024	General Revenues
TOTAL FULL FAITH & CREDIT BONDS OUTSTANDING			**$26,560,000**		
PENSION OBLIGATION BONDS					
Limited Tax Pension Obligation Bonds					
Series 2005	$24,290,000	9/13/05	$22,825,000	6/1/2028	Department Assessments
TOTAL PENSION OBLIGATION BONDS OUTSTANDING			**$22,825,000**		
GRAND TOTAL – METRO DEBT OUTSTANDING			**$322,870,000**		

Comparison of Assessed Value to Real Market Value

	Year ending June 30,	Assessed Value	Change in Assessed Value	% Change in Assessed Value	Real Market Value	Change in Real Market Value	% Change in Real Market Value	Ratio Assessed Value to Real Market Value	M5: Loss due to Compression	% Change in Loss due to Compression
(1)	1997	77,721,485,259	----------	--------	77,721,485,259	----------	--------	100.0%		
	1998	66,711,834,456	(11,009,650,803)	(14.2%)	87,320,546,481	9,599,061,222	12.4%	76.4%		
	1999	71,935,532,500	5,223,698,044	7.8%	94,157,744,893	6,837,198,412	7.8%	76.4%		
	2000	76,258,210,803	4,322,678,303	6.0%	105,147,450,817	10,989,705,924	11.7%	72.5%		
	2001	81,009,866,113	4,751,655,310	6.2%	113,011,064,594	7,863,613,777	7.5%	71.7%	**Data not tracked prior to FY 2006-07**	
	2002	86,489,564,017	5,479,697,904	6.8%	123,050,948,638	10,039,884,044	8.9%	70.3%		
	2003	89,837,920,089	3,348,356,072	3.9%	128,542,544,330	5,491,595,692	4.5%	69.9%		
	2004	92,737,859,477	2,899,939,388	3.2%	138,455,070,187	9,912,525,857	7.7%	67.0%		
	2005	96,486,155,140	3,748,295,663	4.0%	146,360,729,671	7,905,659,484	5.7%	65.9%		
	2006	100,603,570,790	4,117,415,650	4.3%	156,692,361,468	10,331,631,797	7.1%	64.2%		
	2007	105,614,559,121	5,010,988,331	5.0%	181,787,247,525	25,094,886,057	16.0%	58.1%	103,618	--------
	2008	111,760,381,863	6,145,822,742	5.8%	207,455,843,980	25,668,596,455	14.1%	53.9%	106,945	3.2%
	2009	116,514,323,505	4,753,941,642	4.3%	218,478,090,509	11,022,246,529	5.3%	53.3%	122,926	14.9%
	2010	120,667,474,935	4,153,151,430	3.6%	208,123,520,973	(10,354,569,536)	(4.7%)	58.0%	135,553	10.3%
	2011	124,354,465,812	3,686,990,877	3.1%	196,930,643,603	(11,192,877,370)	(5.4%)	63.1%	161,385	19.1%
	2012	127,913,281,573	3,558,815,761	2.9%	184,726,291,224	(12,204,352,379)	(6.2%)	69.2%	223,065	38.2%
	2013	131,430,896,816	3,517,615,243	2.7%	173,642,713,751	(11,083,577,473)	(6.0%)	75.7%	240,000	7.6%

(1) The passage of ballot measure 50 converted the State of Oregon from a levy based to a rate based property tax system with reductions in assessed values.

Debt ratios as of July 1, 2012

FY 2012-13 Estimated Real Market Value	**$173,642,713,751**
2012 Estimated Population	**1,673,343**

	Debt Outstanding	Debt per Capita	Debt as % of Real Market Value
General Obligation Debt	$273,485,000	$163.44	0.16%
Full Faith and Credit Bonds	26,560,000	15.87	0.02%
Pension Obligation Bonds	22,825,000	13.64	0.01%
TOTAL METRO DEBT	**$322,870,000**	**$192.95**	**0.19%**

Debt ratios as of June 30, 2013

FY 2012-13 Estimated Real Market Value	**$173,642,713,751**
2012 Estimated Population	**1,673,343**

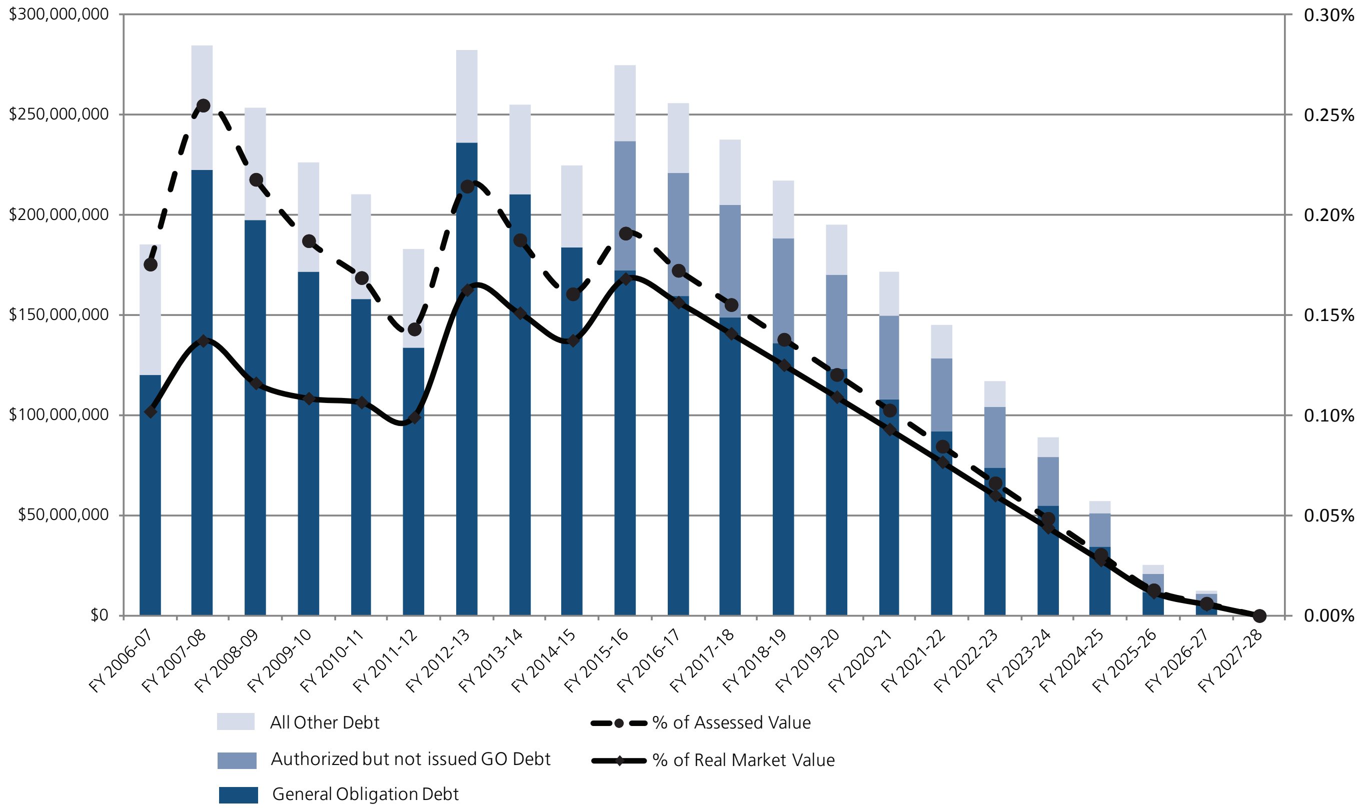
	Debt Outstanding	Debt per Capita	Debt as % of Real Market Value
General Obligation Debt	$235,675,000	140.84	0.14%
Full Faith & Credit Bonds	$24,545,000	14.67	0.01%
Pension Obligation Bonds	$22,300,000	13.33	0.01%
TOTAL METRO DEBT	**$282,520,000**	**$168.84**	**0.16%**

Debt limitation comparison

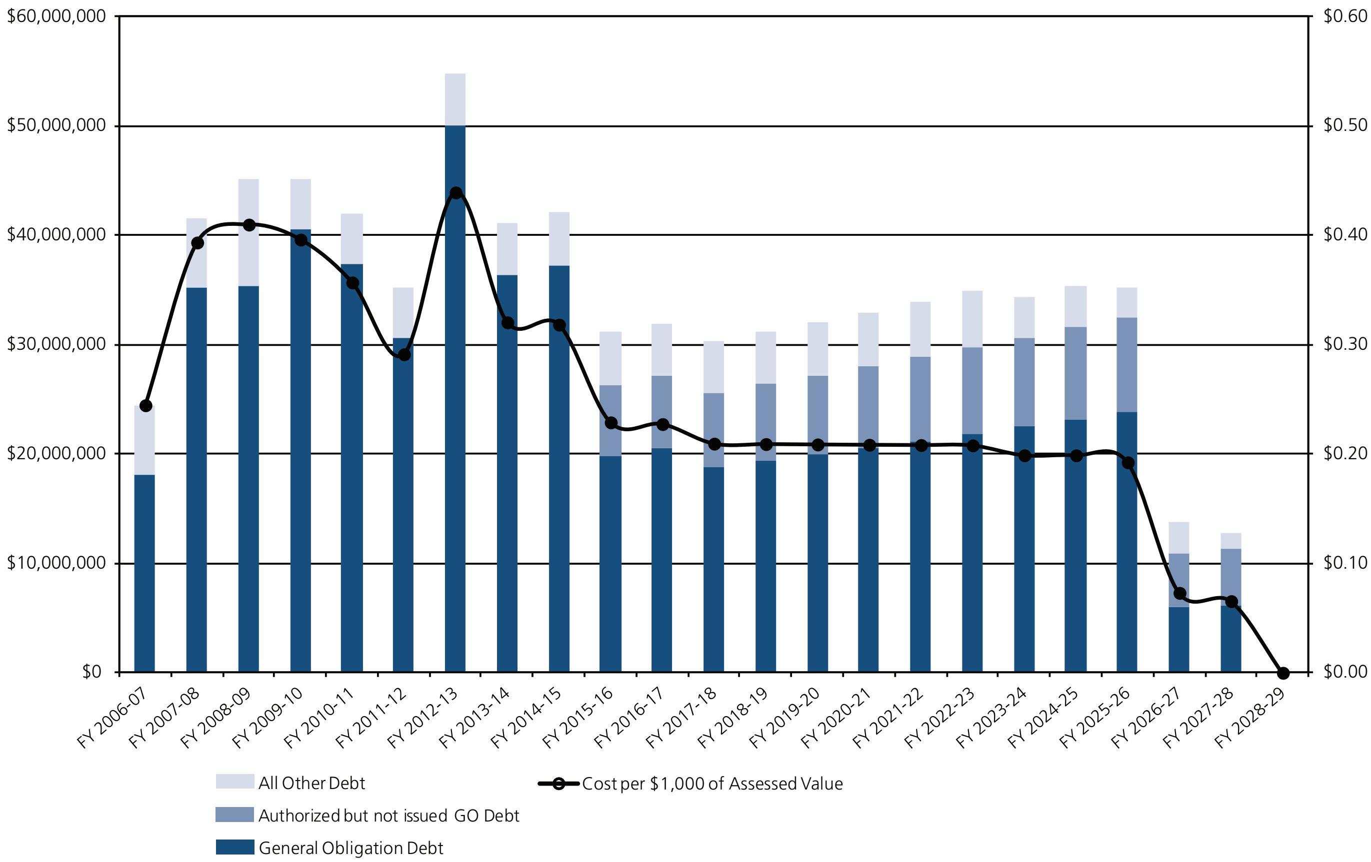
Statutory general obligation bond limit – 10 percent of Real Market Value

FY 2012-13 Estimated Real Market Value	173,642,713,751
General Obligation Debt Limit Percentage	10%
Statutory General Obligation Bond Limit	$17,364,271,375
Less General Obligation Debt Outstanding	$273,485,000
General Obligation Bond Limit Remaining	$17,090,786,375
Metro's General Obligation Debt Percentage	0.16%

Outstanding debt by fiscal year



Debt service payments by fiscal year



FY 2012-13 Summary of debt service payments

	Principal	Interest	Fiscal Year Debt Service
General Obligation Refunding Bonds			
Oregon Convention Center 2001 Series A	$5,290,000	$264,500	$5,554,500
Open Spaces, Parks, and Streams 2002 Series	8,690,000	217,250	8,907,250
Metro Washington Park Zoo Oregon Project 2005 Series	1,795,000	477,150	2,272,150
Open Spaces, Parks, and Streams 2012B Series	8,890,000	1,094,041	9,984,041
General Obligation Bonds			
Natural Areas 2007 Series	4,230,000	3,908,950	8,138,950
Natural Areas 2012A Series	4,080,000	3,437,534	7,517,534
Oregon Zoo Infrastructure 2012A Series	4,835,000	2,815,470	7,650,470
Full Faith & Credit Refunding Bonds			
2003 Series	1,340,000	562,905	1,902,905
2006 Series	675,000	512,131	1,187,131
Limited Tax Pension Obligation Bonds, Series 2005	525,000	1,129,289	1,654,289
TOTAL FY 2012-13 DEBT SERVICE PAYMENTS	**$40,350,000**	**$14,419,221**	**$54,769,221**

Capital Improvement Plan Summary

User's Guide and Calendar

OVERVIEW OF PROCESS

Metro's capital budget process involves four phases described below and in the accompanying capital budget calendar.

Phase 1– Capital requests

The foundation for the capital improvement plan (CIP) is the capital project requests from operating units. To develop these requests, centers and services inventory existing capital assets, prepare a status report on current capital projects and assess future capital needs. The capital project requests, status report, list of unfunded projects and major assets inventory comprise the capital budget submission.

Phase 2– Financial forecasts

Operating programs and the financial planning division prepare five-year financial forecasts that are used to evaluate each program's funding capacity for operating needs and the capital projects requested.

Phase 3– Chief Operating Officer review, capital budget development

After the centers and services submit project requests, the financial planning division makes a technical review, including an assessment of Metro's capacity to fund the requested projects based on five-year forecasts. The Chief Operating Officer reviews and includes selected projects in the proposed budget.

Phase 4– Council review and capital budget adoption

The Metro Council reviews the proposed capital projects and acts on the proposed CIP following a public hearing. The Council adopts the five year plan in its entirety and makes appropriations for the first year through budget adoption. Changes to the plan require Council action by resolution or ordinance, depending on the circumstance.

READER'S GUIDE

The Summary volume (Volume 1) provides a summary of Metro's five-year CIP for FY 2012-13 through FY 2016-17.

The Detail volume (Volume 2) provides a discussion of the major projects by organizational unit, identification of unfunded projects, the status of current projects and the Capital Asset Management policies.

Overview

A capital project is defined in Metro's CIP as any physical asset acquired or constructed by Metro with a total capital cost of $100,000 or more and a useful life of at least five years. The CIP for the next five years, FY 2012-13 through FY 2016-17, includes 114 projects with anticipated new spending of $187 million.

Current Project Status

During FY 2011-12 several major projects will be completed. Significant among the completed projects is the zoo's new veterinary medical center, the penguin filtration system and the 20-year Comprehensive Capital Master Plan paid for by the zoo bond. An inventory and asset condition project undertaken in FY 2011-12 for all three operating funds – the General Fund, MERC Fund and Solid Waste Revenue Fund – may result in the need for increased contributions beginning in FY 2013-14 or the need to advance or delay projects on the current schedule. The Oregon Convention Center completed the demolition of an old abandoned restaurant and created a marketable plaza adjacent to the convention center while also upgrading the area around the convention center. Details of the 40 projects expected to be completed can be found in the Detail volume.

Five-year CIP: FY 2012-13 through FY 2016-17

The five-year CIP includes the previously identified projects of the current CIP, both multi-year projects that are scheduled to continue in the new five-year period or projects which will be beginning in this new five-year period. In addition, the CIP also includes new projects in FY 2012-13 that have become critical and for which one-time funding has been identified. These include overdue improvements at Glendoveer Golf Course, a master plan and geotechnical study for Oxbow Park to address the worsening erosion that threatens the campground area, and a two-year project to update Metro's primary website. These three General Fund projects illustrate the continuing difficulty in developing a consistent, stable mechanism for funding new projects within the General Fund.

The summary table below presents the capital costs of projects by fiscal year, by operating unit. The "Total" column represents the overall project costs, including expenditures in all prior years. This year's CIP remains dominated by bond projects.

Total projects costs by organization unit

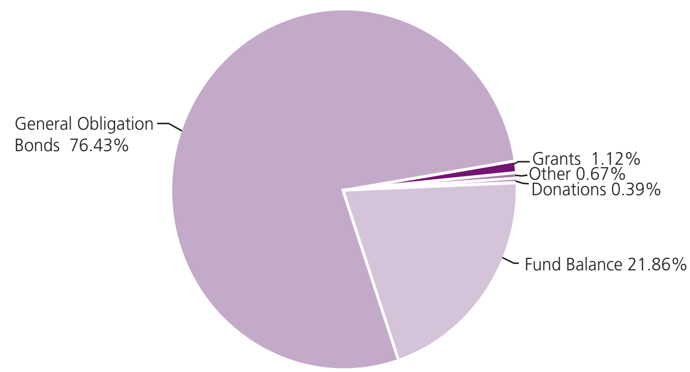
	Total Projects	Prior Years	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	TOTAL
Finance	3	861,219	263,781	30,000	30,000	30,000	30,000	1,245,000
Information Services	5	359,171	1,212,561	363,008	408,475	285,913	340,063	2,969,191
Visitor Venues-MERC	45	300,679	2,379,383	3,670,000	4,975,000	4,020,000	3,710,000	19,055,062
Visitor Venues-Oregon Zoo	22	4,925,981	21,319,074	26,427,776	19,097,596	14,727,585	11,258,778	97,756,790
Parks and Environmental Services	33	2,425,201	7,204,229	3,506,091	2,758,284	1,454,014	1,795,651	19,143,470
Research Center	2	931,192	91,200	59,500	59,000	113,000	57,000	1,310,892
Sustainability Center	4	61,692,319	31,557,110	10,000,000	5,000,000	5,000,000	4,000,000	117,249,429
TOTAL	**114**	**71,495,762**	**64,027,338**	**44,056,375**	**32,328,355**	**25,630,512**	**21,191,492**	**258,729,834**

FIVE YEAR TOTAL, FY 2012-13 through FY 2016-17	**187,234,072**

The Sustainability Center includes bond funding for land purchases as well as grant and general funding for trail construction at Blue Lake. Parks and Environmental Services includes the solid waste operations, parks renewal projects and projects for the Metro Regional Center. The Oregon Zoo projects reflect expenditures on elephant-related projects and the condor exhibit. MERC includes capital projects for the Oregon Convention Center, Portland Center for the Performing Arts and the

Expo Center. Information Services includes a project to update Metro's website. This project, to be completed in coordination with Communications, will improve the user's experience when using the site.

Major funding sources



SOURCES OF FUNDS

Spending for the next five years is about $187 million and is apportioned as follows:

General Obligation Bonds

The Natural Areas and Oregon Zoo Infrastructure and Animal Welfare bond proceeds continue to dominate at 76.4 percent of the funding for CIP projects.

Fund balance

The second largest source of funds for capital projects, about 21.9 percent of total funds, is fund balance. Metro uses an accumulating strategy for its renewal and replacement funding, resulting in a more predictable and level annual contribution, no matter what projects start in any given year. The Solid Waste Revenue Fund employed this technique as a condition of its now retired bond financing for the transfer stations. The General Fund established its General Renewal and Replacement Fund in 2008, the last step in the consolidation of the General Fund, fueled by a $5.7 million initial contribution. In 2011 the MERC Fund also designated dedicated renewal and replacement funding for each of its venues. This financing technique is particularly well suited for small-to medium-sized projects with a useful life of less than 20 years.

Grants

Grants comprise about 1.12 percent of total funding for capital projects, funding part of the 40-mile loop project at Blue Lake, the dike stabilization at St. Johns Landfill and the parking lot improvement at M. James Gleason Boat Ramp.

Donations

This smallest category varies annually and reflects contributions from The Oregon Zoo Foundation and the Portland Center for the Performing Arts Foundation, contributions targeted to specific projects.

Other

Other financing sources represent 0.67 percent of the total funds allocated to capital projects.

USES OF FUNDS

Capital projects in the capital budget consist of facilities (purchase, construction or improvements), land acquisitions and equipment purchases of $100,000 or more. Of the 114 projects, 79.2 percent of expenditures is for new acquisition or construction. Two percent is for expansion or remodeling projects and 18.5 percent is for renewal and replacement projects.

Facilities

Funding by type

	Total Projects	Prior Years	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	TOTAL
Expansion	3	47,062	198,000	1,000,000	1,000,000	1,000,000	1,000,000	4,245,062
New Capital	28	67,651,793	54,663,319	36,051,842	23,326,258	18,753,138	14,839,394	215,285,744
Renewal and Replacement	83	3,796,907	9,166,019	7,004,533	8,002,097	5,877,374	5,352,098	39,199,028
TOTAL	**114**	**71,495,762**	**$64,027,338**	**$44,056,375**	**$32,328,355**	**$25,630,512**	**$21,191,492**	**$258,729,834**

FIVE YEAR TOTAL, FY 2012-13 through FY 2016-17	**$187,234,072**

About 64 percent of total funds is allocated to a variety of facility projects. These projects include the replacement, renovation, expansion or new construction of buildings, exhibits, roadways, trails and other infrastructure. As with other capital projects, these capital assets must have a minimum useful life of five years. This does not include routine maintenance and repair projects, which are treated as operating expenses. The zoo's projects account for about 78 percent of the total projects in this category, followed by Parks and Environmental Services at 12 percent, MERC at 9 percent and Sustainability Center projects at 1 percent. The zoo's projects are mostly bond-related.

Equipment

About 7 percent of funds for capital projects is allocated to stand-alone equipment, technology applications and furnishings. As with other capital projects, the five-year CIP includes as individual projects only equipment costing $100,000 or more with an expected useful life of five years or more. Equipment required for new facilities is reflected in the costs of those facilities. MERC's projects are the highest at about 57 percent. Next highest at about 16 percent of the equipment category are the needs of solid waste operations in Parks and Environmental Services, followed by the Information Services at 19 percent. Finance's Solid Waste Information System project comprises 3 percent, Sustainability's database development to track properties is about 3 percent and the Research Center's modeling software and equipment comprise 2 percent. Smaller capital items such as individual vehicles and grounds equipment are usually included in the aggregated renewal and replacement projects.

Land

The remaining $54.0 million (28 percent) is allocated to land acquisition or improvements and is funded by Natural Areas bond proceeds and managed by the Sustainability Center.

Restoration

A small amount of the zoo's and Parks and Environmental Services' capital budgets is devoted to restoration, which is usually restoration of interpretive artwork and property improvements.

ANNUAL OPERATING IMPACT

Each program estimates the net impact on operating costs resulting from each capital project. The impact is shown in 2011 dollars for the first full year of operation following completion of the project, including increased contribution for future renewal and replacement. Metro will have a net cost to operations of $433,535 to $515,252 per year, mostly as a result of the additional natural area acquisitions, highlighting again the need for a firm funding strategy to develop, maintain and care for lands the voters have asked us to acquire.

Annual net operating impact

	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	TOTAL
Finance and Regulatory Services						
Budget Module	0	26,000	26,000	26,000	26,000	104,000
TOTAL Finance and Regulatory Services	**0**	**26,000**	**26,000**	**26,000**	**26,000**	**104,000**
SUSTAINABILITY CENTER						
Canemah Bluff Improvements	5,000					5,000
Natural Area Acquisition	420,035	432,636	445,615	458,983	472,752	2,230,021
Natural Area's Information system	8,500	8,500	8,500	8,500	8,500	42,500
40-Mile Loop Trail Construction at Blue Lake Park	0	8,000	8,000	8,000	8,000	32,000
TOTAL SUSTAINABILITY CENTER	**433,535**	**449,136**	**462,115**	**475,483**	**489,252**	**2,309,521**
TOTAL	**$433,535**	**$475,136**	**$488,115**	**$501,483**	**$515,252**	**$2,413,521**

Financial Policies

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING THE CAPITAL IMPROVEMENT PLAN FOR FISCAL YEARS 2012-13 THROUGH 2016-17; APPROVING THE METROPOLITAN TOURISM OPPORTUNITY COMPETITIVENESS PROJECTS AND RE-ADOPTING METRO'S FINANCIAL POLICIES	))))	RESOLUTION NO. 12-4352 Introduced by Martha Bennett, Chief Operating Officer with concurrence of the Council President

WHEREAS, Metro recognizes the need to prepare a long-range plan estimating the timing, scale and cost of its major capital projects and equipment purchases; and

WHEREAS, Metro has inventoried existing major capital assets, prepared status reports on current capital projects and assessed future capital needs; and

WHEREAS, Metro's Chief Operating Officer has directed the preparation of a Capital Improvement Plan for fiscal years 2012-13 through 2016-17 that projects Metro's major capital spending needs over the next five years, assesses the impact of capital projects on the forecasted financial condition of Metro funds, and assesses the impact on operating costs; and

WHEREAS, the Metro Council has reviewed the FY 2012-13 through FY 2016-17 Capital Improvement Plan; and

WHEREAS, the Metro Council has conducted a public hearing on the FY 2012-13 budget including the FY 2012-13 through FY 2016-17 Capital Improvement Plan; and

WHEREAS, the Metro Council approves projects funded by the Metropolitan Tourism Opportunity Competitiveness Account (MTOCA); and

WHEREAS, the Metro Council annually reviews and readopts its Comprehensive Financial Policies including the Capital Asset Management Policies; now therefore

BE IT RESOLVED that the Metro Council hereby authorizes the following:

1. That the FY 2012-13 through FY 2016-17 Capital Improvement Plan (CIP), summarized on Exhibit A, is hereby adopted.

2. That the FY 2012-13 capital projects from the FY 2012-13 through FY 2016-17 Capital Improvement Plan be included and appropriated in the FY 2012-13 budget.

Resolution 12-4352
Page 2

3. That the project identified for MTOCA funding for FY 2012-13 is approved.

4. That the Comprehensive Financial Polices, including the Capital Asset Management Policies, included as Exhibit B to this Resolution, are re-adopted and will be published in the FY 2012-13 budget.

ADOPTED by the Metro Council this 21 day of June 2012.

APPROUVÉ APPROVED METRO COUNCIL CONSEIL MÉTROPOLITAIN METRO

Tom Hughes, Metro Council President

Approved as to Form:

Alison Kean Campbell, Metro Attorney

Metro's financial policies are reviewed annually and approved by the Metro Council for inclusion in the adopted budget. The financial policies are the cornerstone of Metro's financial planning and financial management. Budget decisions are framed in relation to the policies; exceptions, usually related to fund balance, are disclosed in the budget message; and quarterly reporting on financial performance provides transparency and accountability. In May 2012 Metro's highest grade bond ratings were confirmed by Standard & Poor's and Moody's Investors Services. Both rating agencies cited Metro's strong financial policies and its commitment to following them.

Financial policies

In 2004 the Metro Council enacted Resolution No. 04-3465, "adopting comprehensive financial policies for Metro."

Each year as part of the annual budget adoption process the Metro Council reviews the financial policies which provide the framework for the overall fiscal management of the agency. Operating independently of changing circumstances and conditions, these policies are designed to help safeguard Metro's assets, promote effective and efficient operations and support the achievement of Metro's strategic goals. Recently the Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the Metro Council to make certain policy decisions regarding the use of resources and classifications of fund balance. In June 2010 the Metro Council took action to amend Metro's Comprehensive Financial Policies to incorporate the GASB Statement No. 54 principles and to re-approve the policies. These changes are reflected in Budget and Financial Planning, section 2.

These financial policies establish basic principles to guide Metro's elected officials and staff in carrying out their financial duties and fiduciary responsibilities. The Chief Financial Officer shall establish procedures to implement the policies established in this document.

General policies

1. Metro's financial policies shall be reviewed annually by the Council and shall be published in the adopted budget.
2. Metro shall prepare its annual budget and Comprehensive Annual Financial Report consistent with accepted public finance professional standards.
3. The Chief Financial Officer shall establish and maintain appropriate financial and internal control procedures to assure the integrity of Metro's finances.
4. Metro shall comply with all applicable state and federal laws and regulations concerning financial management and reporting, budgeting and debt administration.

Accounting, auditing and financial reporting

1. Metro shall annually prepare and publish a Comprehensive Annual Financial Report including financial statements and notes prepared in conformity with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board.
2. Metro shall maintain its accounting records on a basis of accounting consistent with the annual budget ordinance.
3. Metro shall have an independent financial and grant compliance audit performed annually in accordance with generally accepted auditing standards.

Budgeting and financial planning

1. As prescribed in Oregon budget law, total resources shall equal total requirements in each fund, including contingencies and fund balances. However, Metro considers a budget to be balanced whenever budgeted revenues equal or exceed budgeted expenditures. Beginning fund balances shall not be considered as revenue, nor shall contingencies or ending fund balances be considered expenditures, in determining whether a fund is in balance.

2. Metro shall maintain fund balance reserves that are appropriate to the needs of each fund. Targeted reserve levels shall be established and reviewed annually as part of the budget process. Use of fund balance to support budgeted operations in the General Fund, an operating fund, or a central service fund shall be explained in the annual budget document; such explanation shall describe the nature of the budgeted reduction in fund balance and its expected future impact. Fund balances in excess of future needs shall be evaluated for alternative uses.
    a. The Metro Council delegates to the Chief Operating Officer the authority to assign (and un-assign) additional amounts intended to be used for specific purposes more narrow than the overall purpose of the fund established by Council. A schedule of such assignments shall be included within the adopted budget document.
    b. Metro considers restricted amounts to have been spent prior to unrestricted (committed, assigned, or unassigned) amounts when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available. Within unrestricted amounts, committed amounts are considered to have been spent first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.
    c. The following information shall be specified by Council in the establishment of Stabilization Arrangements as defined in GASB Statement No. 54: a) the authority for establishing the arrangement (resolution or ordinance), b) the requirements, if any, for additions to the stabilization amount, c) the specific conditions under which stabilization amounts may be spent, and d) the intended stabilization balance.
3. Metro staff shall regularly monitor actual revenues and expenditures and report to Council at least quarterly on how they compare to budgeted amounts, to ensure compliance with the adopted budget. Any significant changes in financial status shall be timely reported to the Council.
4. Metro shall use its annual budget to identify and report on department or program goals and objectives and measures of performance.
5. A new program or service shall be evaluated before it is implemented to determine its affordability.
6. Metro shall authorize grant-funded programs and associated positions for a period not to exceed the length of the grant unless alternative funding can be secured.
7. Each operating fund will maintain a contingency account to meet unanticipated requirements during the budget year. The amount shall be appropriate for each fund.
8. Metro shall prepare annually a five-year forecast of revenues, expenditures, other financing sources and uses, and staffing needs for each of its major funds, identifying major anticipated changes and trends, and highlighting significant items which require the attention of the Council.
9. Metro will annually prepare a cost allocation plan prepared in accordance with applicable federal guidelines to maintain and maximize the recovery of indirect costs from federal grants, and to maintain consistency and equity in the allocation process.

Capital asset management

1. Metro shall budget for the adequate maintenance of capital equipment and facilities and for their orderly replacement, consistent with longer-term planning for the management of capital assets.
2. The Council's previously-adopted policies governing capital asset management are incorporated by reference into these policies.

Cash management and investments

1. Metro shall maintain an investment policy in the Metro Code, which shall be subject to annual review and re-adoption.
2. Metro shall schedule disbursements, collections and deposits of all funds to ensure maximum cash availability and investment potential.
3. Metro shall manage its investment portfolio with the objectives of safety of principal as the highest priority, liquidity adequate to needs as the second highest priority and yield from investments as its third highest priority.

Debt management

1. Metro shall issue long-term debt only to finance capital improvements, including land acquisition, that cannot be readily financed from current revenues, or to reduce the cost of long-term financial obligations.
2. Metro will not use short-term borrowing to finance operating needs unless specifically authorized by the Council.
3. Metro shall repay all debt issued within a period not to exceed the expected useful life of the improvements financed by the debt.
4. Metro shall fully disclose financial and pertinent credit information as it relates to Metro's outstanding securities.
5. Metro shall strive to obtain the highest credit ratings to ensure that borrowing costs are minimized and Metro's access to credit is preserved.
6. Equipment and vehicles should be financed using the least costly method, including comparison to direct cash expenditure. This applies to purchase using operating leases, capital leases, bank financing, company financing or any other purchase programs.

Revenues

1. Metro shall estimate revenues through an objective, analytical process.
2. Metro shall strive to maintain a diversified and balanced revenue system to protect it from short-term fluctuations in any one revenue source.
3. One-time revenues shall be used to support one-time expenditures or increase fund balance.
4. Metro shall pursue appropriate grant opportunities; however, before accepting any grant, Metro will consider the current and future implications of either accepting or rejecting it. The Chief Financial Officer may establish criteria to be used in evaluating the potential implications of accepting grants.

Capital Asset Management Policies

The following policies establish the framework for Metro's overall capital asset planning and management. They provide guidance for current practices and a framework for evaluation of proposals for future projects. These policies also seek to improve Metro's financial stability by providing a consistent approach to fiscal strategy. Adopted financial policies show the credit rating industry and prospective investors (bond buyers) the agency's commitment to sound financial management and fiscal integrity. Adherence to adopted policies ensures the integrity and clarity of the financial planning process and can lead to improvement in bond ratings and lower cost of capital.

1. Metro shall operate and maintain its physical assets in a manner that protects the public investment and ensures achievement of their maximum useful life.

   Ensuring the maximum useful life for public assets is a primary agency responsibility. Establishing clear policies and procedures for monitoring, maintaining, repairing and replacing essential components of facilities is central to good management practices. It is expected that each Metro department will have written policies and procedures that address:

   Multi-year planning for renewal and replacement of facilities and their major components;

   Annual maintenance plans.

2. Metro shall establish a Renewal and Replacement Reserve account for each operating fund responsible for major capital assets.

   Ensuring that the public receives the maximum benefit for its investments in major facilities and equipment requires an ongoing financial commitment. A Renewal and Replacement Reserve should initially be established based on the value of the asset and consideration of known best asset management practices. Periodic condition assessments should identify both upcoming renewal and replacement projects and the need to adjust reserves to support future projects. If resources are not sufficient to fully fund the Reserve without program impacts, the Council will be consider alternatives during the annual budget process. Establishing and funding the Reserve demonstrates Metro's ongoing capacity and commitment to these public investments.

3. Metro shall prepare, adopt and update at least annually a five-year Capital Improvement Plan (CIP). The Plan will identify and set priorities for all major capital assets to be acquired or constructed by Metro. The first year of the adopted CIP shall be included in the Proposed Budget.

   The primary method for Metro departments to fulfill the need for multi-year planning is the Capital Improvement Planning process. The CIP allows a comprehensive look at Metro's capital needs for both new facilities and renewal and replacement of existing ones, and allows the Council to make the necessary decisions to ensure financial resources match forecasted needs.

4. Capital improvement projects are defined as facility or equipment purchases or construction which results in a capitalized asset costing more than $100,000 and having a useful (depreciable life) of five years or more. Also included are major maintenance projects of $100,000 or more that have a useful life of at least five years.[1]

   A clear threshold ensures that the major needs are identified and incorporated in financial plans.

[1] Effective July 1, 2009, capital asset threshold was increased from $50,000 to $100,000 in accordance with Metro Resolution 08-3941A. This reflected a State of Oregon definition of a public improvement project.

5. An assessment of each Metro facility will be conducted at least every five years. The report shall identify repairs needed in the coming five years to ensure the maximum useful life of the asset. This information shall be the basis for capital improvement planning for existing facilities and in determining the adequacy of the existing Renewal and Replacement Reserves.

   A foundation step for capital planning is an understanding of the current conditions of Metro facilities. It is expected that Metro departments have a clear, documented process for assessing facility condition at least every five years. The assessment processes may range from formal, contracted engineering studies to in-house methods such as peer reviews. The assessment should identify renewal and replacement projects that should be done within the following five years. The Renewal and Replacement Reserve account should be evaluated and adjusted to reflect the greater of the average renewal and replacement project needs over the coming five years or 2 percent of the current facility replacement value.

6. The Capital Improvement Plan will identify adequate funding to support repair and replacement of deteriorating capital assets and avoid a significant unfunded liability from deferred maintenance.

   Using the information provided by facility assessments, Metro departments should use the CIP process to identify the resources necessary to keep facilities in an adequate state of repair. In situations where financial resources force choices between programs and facility repair, the annual budget process should highlight these policy choices for Council action.

7. A five-year forecast of revenues and expenditures will be prepared in conjunction with the capital budgeting process. The forecast will include a discussion of major trends affecting agency operations, incorporate the operating and capital impact of new projects, and determine available capacity to fully fund the Renewal and Replacement Reserve.

   Incorporation of capital needs into agency five-year forecasts ensures that problem areas are identified early enough that action can be taken to ensure both the maintenance of Metro facilities and integrity of Metro services.

8. To the extent possible, improvement projects and major equipment purchases will be funded on a pay-as-you-go basis from existing or foreseeable revenue sources. Fund Balances above established reserve requirements may be used for one-time expenditures such as capital equipment or financing of capital improvements.

   Preparing a CIP and incorporating it into five-year forecasts enables Metro to plan needed capital spending within foreseeable revenues. This minimizes the more costly use of debt for capital financing and ensures renewal and replacement of facility components takes place without undue financial hardship to operations.

9. Debt (including capital leases) may only be used to finance capital, including land acquisition, not ongoing operations. Projects that are financed through debt must have a useful service life at least equal to the debt repayment period.

   Because interest costs impact taxpayers and customers, debt financing should be utilized only for the creation or full replacement of major capital assets.

10. When choosing funding sources for capital items, every effort should be made to fund enterprise projects either with revenue bonds or self-liquidating general obligation bonds. For the purpose of funding non-enterprise projects, other legally permissible funding sources, such as systems development charges, should be considered.

11. Acquisition or construction of new facilities shall be done in accordance with Council adopted facility and/or master plans. Prior to approving the acquisition or construction of a new asset, Council shall be presented with an estimate of the full cost to operate and maintain the facility through its useful life and the plan for meeting these costs. At the time of approval, Council will determine and establish the Renewal and Replacement Reserve policy for the asset to ensure resources are adequate to meet future major maintenance needs.

    New Metro facilities should be planned within the overall business and service objectives of the agency. To ensure that the public gains the maximum utility from the new facility or capital asset, Metro should identify the full cost of building and operating the facility throughout its useful life. Resources generated from its operation or other sources should be identified to meet these needs.

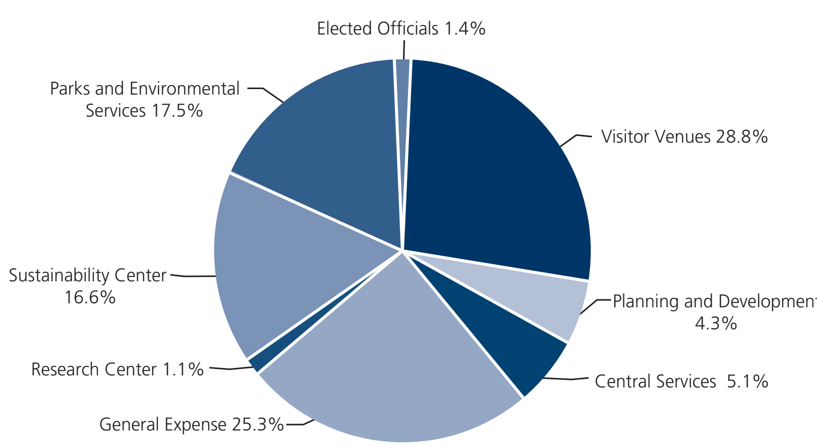
Note: the Capital Asset Management Policies were readopted by the Metro Council on June 23, 2012, and incorporated into the financial policies by reference.

Organizational summary

Organizational summary

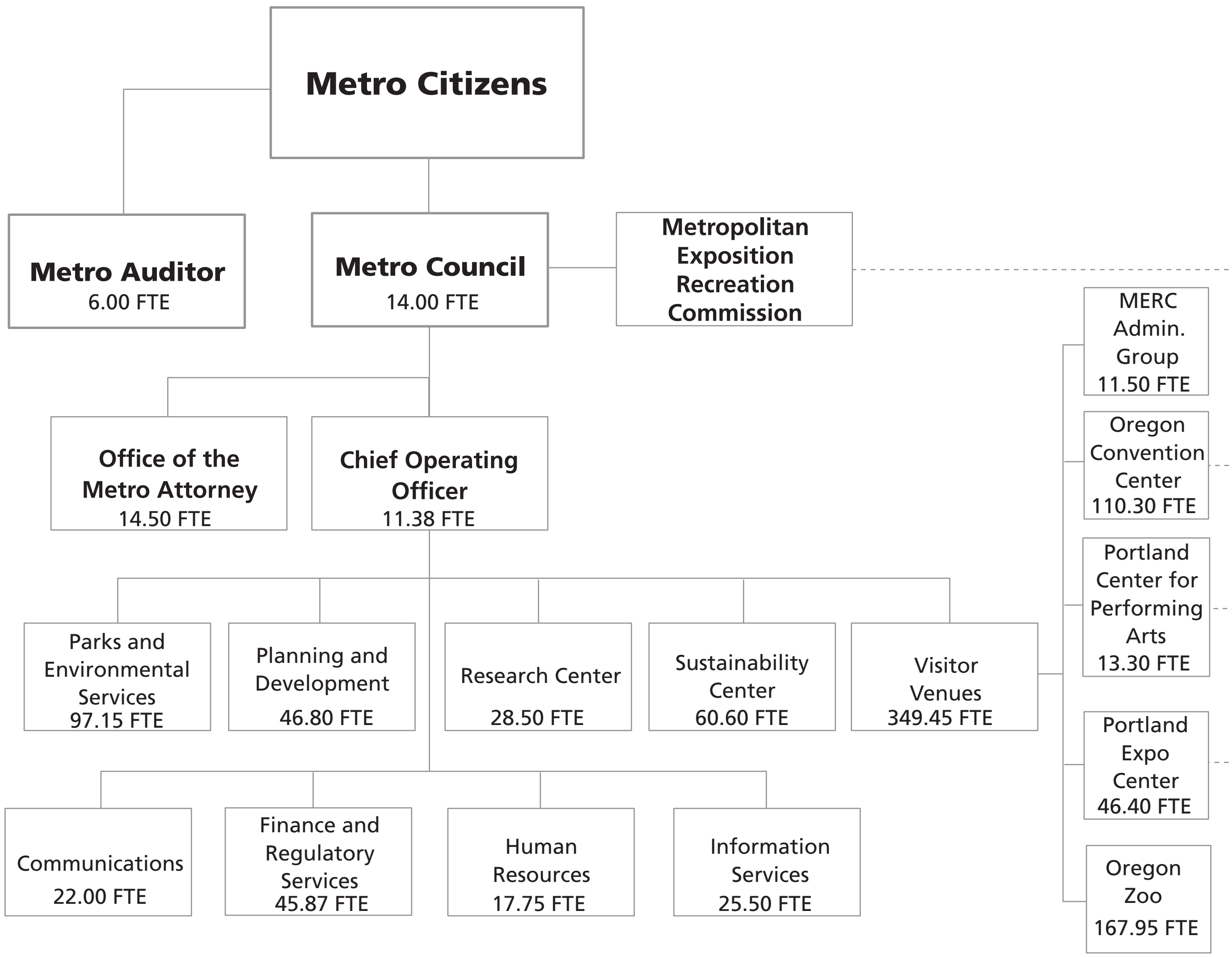
	Audited FY 2009-10	Audited FY 2010-11	Adopted FY 2011-12	Amended FY 2011-12	Proposed FY 2012-13	Approved FY 2012-13	Adopted FY 2012-13	% Change from Amended FY 2011-12
BUDGET BY CLASSIFICATION								
Personnel Services	$71,819,988	$73,984,490	$79,791,040	$80,137,372	$79,917,873	$79,917,873	$79,964,117	(0.22%)
Materials and Services	95,771,568	99,375,744	111,406,975	118,358,697	115,528,684	115,528,684	116,199,406	(1.82%)
Capital Outlay	22,391,158	24,478,087	38,965,830	39,431,052	64,430,326	64,430,326	65,845,165	66.99%
Debt Service	45,182,021	41,950,078	35,261,700	35,261,700	56,735,740	56,735,740	54,769,223	55.32%
Interfund Reimbursements	7,680,866	8,396,573	9,397,205	9,397,205	10,118,777	10,118,777	10,118,777	7.68%
Internal Service Charges	2,723,052	2,887,871	3,000,237	3,055,777	4,143,190	4,143,190	4,143,190	35.59%
Interfund Loan	0	0	0	0	2,431,000	2,431,000	2,431,000	n/a
Fund Equity Transfers	5,175,785	10,708,854	9,724,485	9,945,372	6,322,471	6,322,471	6,522,471	(34.42%)
TOTAL	**$250,744,438**	**$261,781,697**	**$287,547,472**	**$295,587,175**	**$339,628,061**	**$339,628,061**	**$339,993,349**	**15.02%**
BUDGET BY ORGANIZATION								
Office of the Metro Auditor	$613,329	$612,596	$686,452	$686,452	$708,748	$708,748	$708,748	3.25%
Office of the Council	3,130,039	3,264,909	3,694,550	3,862,858	3,924,829	3,924,829	3,964,829	2.64%
Office of Metro Attorney	1,888,831	1,839,519	2,067,885	1,984,575	1,927,172	1,927,172	1,927,172	(2.89%)
Communications	2,180,092	2,368,447	2,392,835	2,513,202	2,586,585	2,586,585	2,601,585	3.52%
Finance and Regulatory Services	5,219,271	5,424,445	6,555,718	6,566,116	6,363,845	6,363,845	6,363,845	(3.08%)
Human Resources	1,715,911	1,817,978	2,304,161	2,183,806	2,167,032	2,167,032	2,167,032	(0.77%)
Information Services	3,172,218	3,571,509	4,357,360	4,365,447	4,209,965	4,209,965	4,485,789	2.76%
Planning & Development	10,816,845	10,357,803	16,469,641	16,561,877	14,477,196	14,477,196	14,477,196	(12.59%)
Parks & Environmental Services	47,075,651	44,382,087	51,796,854	55,569,090	59,374,236	59,374,236	59,419,449	6.93%
Research Center	4,258,776	4,196,799	4,400,666	4,489,582	3,834,691	3,834,691	3,880,935	(13.56%)
Sustainability Center	30,659,249	30,857,777	48,443,065	48,462,878	56,315,561	56,315,561	56,766,211	17.13%
Visitor Venues	70,399,539	78,692,408	81,071,277	84,662,857	97,920,012	97,920,012	99,168,886	17.13%
General Expense	69,614,687	74,395,420	63,307,008	63,678,435	85,818,189	85,818,189	84,061,672	32.01%
TOTAL	**$250,744,438**	**$261,781,697**	**$287,547,472**	**$295,587,175**	**$339,628,061**	**$339,628,061**	**$339,993,349**	**15.02%**
Contingency	0	0	34,656,569	27,227,184	60,872,611	60,872,611	61,037,639	124.18%
Unappropriated Balance	190,317,945	174,355,620	62,931,694	65,928,192	119,565,119	119,565,119	134,786,594	104.44%
TOTAL BUDGET	**$441,062,383**	**$436,137,317**	**$385,135,735**	**$388,742,551**	**$520,065,791**	**$520,065,791**	**$535,817,582**	**37.83%**
FULL-TIME EQUIVALENTS	762.84	756.60	752.09	755.49	740.00	740.00	740.50	(1.98%)
FTE CHANGE FROM FY 2011-12 AMENDED BUDGET								(14.99)

Organizational summary

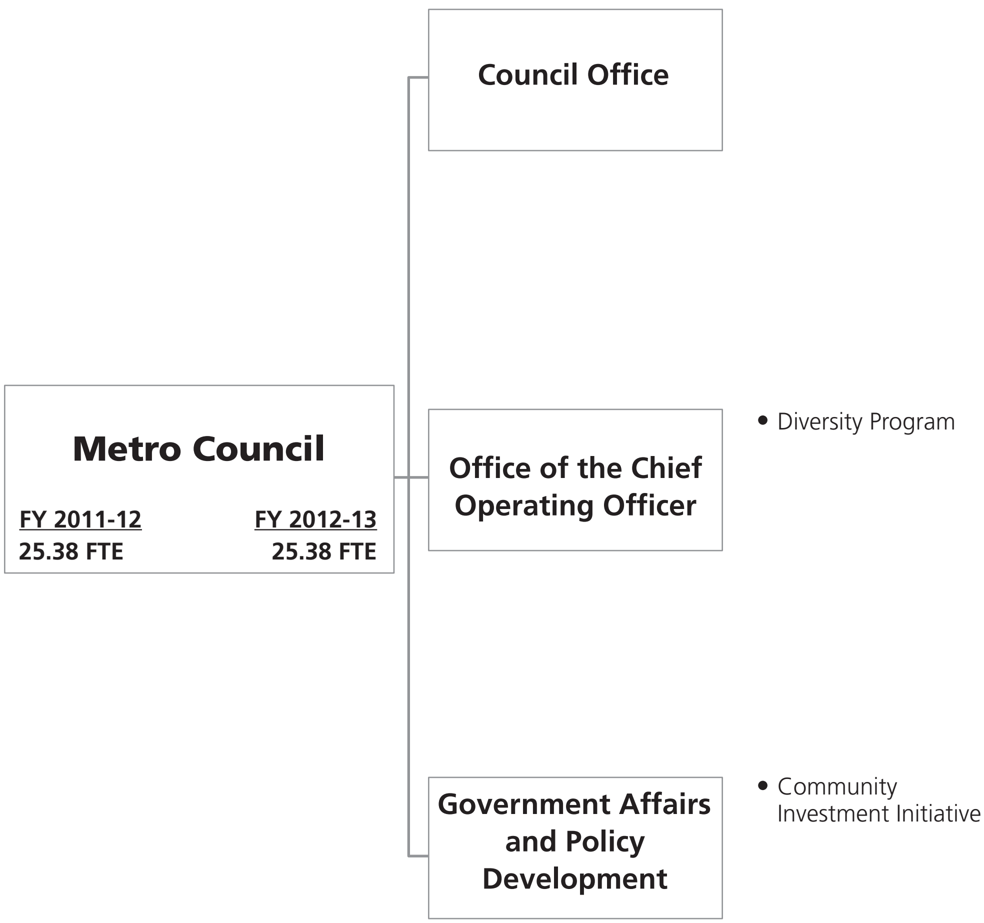


Total expenditures: $339,993,349

Organizational Chart



FY 2011-12 Total FTE – 755.49
FY 2012-13 Total FTE – 740.50


Council Office
Metro Council
FY 2011-12
25.38 FTE
FY 2012-13
25.38 FTE
Office of the Chief Operating Officer
• Diversity Program
Government Affairs and Policy Development
• Community Investment Initiative

Summary of Metro Council

	Audited FY 2009-10	Audited FY 2010-11	Adopted FY 2011-12	Amended FY 2011-12	Proposed FY 2012-13	Approved FY 2012-13	Adopted FY 2012-13	% Change from Amended FY 2011-12
BUDGET BY CLASSIFICATION								
Personnel Services	$2,984,924	$2,877,485	$2,820,918	$2,972,075	$3,271,979	$3,271,979	$3,271,979	10.09%
Materials and Services	145,115	387,424	873,632	890,783	652,850	652,850	692,850	(22.22%)
TOTAL	**$3,130,039**	**$3,264,909**	**$3,694,550**	**$3,862,858**	**$3,924,829**	**$3,924,829**	**$3,964,829**	**2.64%**
BUDGET BY FUND								
General Fund	$3,130,039	$3,264,909	$3,694,550	$3,862,858	$3,924,829	$3,924,829	$3,964,829	2.64%
TOTAL	**$3,130,039**	**$3,264,909**	**$3,694,550**	**$3,862,858**	**$3,924,829**	**$3,924,829**	**$3,964,829**	**2.64%**
FULL-TIME EQUIVALENTS (FTE)	26.90	25.25	24.00	25.38	25.38	25.38	25.38	0.00%
FTE CHANGE FROM FY 2011-12 AMENDED BUDGET								0.00

Metro Council

The Metro Council consists of seven elected officials who provide regional governance and leadership by fulfilling Metro's mission of crossing city limits and county lines to work with communities to create a vibrant and sustainable region for all. As the governing body of Metro, the Council develops long range plans for existing and future Metro activities, and assures the financial integrity of the agency.

MAJOR PROGRAMS

Council Office – The Council Office includes the seven councilors and policy and administrative staff that support the councilors as individuals as well as the Council as a whole in its role as a legislative body. Professional staff acts as a liaison between the councilors and Metro staff and external partners and stakeholders. An internship program provides learning and mentoring opportunities, as well as supporting the councilors and professional staff with research, analysis and operational support.

Office of the Chief Operating Officer – The Chief Operating Officer (COO) serves at the pleasure of the Council and provides leadership and management authority to agency staff by implementing the Council's policy directives, goals and objectives. The COO and Deputy COO enforce Metro ordinances, provide day-to-day management of Metro's resources, programs, enterprise businesses, facilities and workforce and prepare the proposed budget for Council consideration.

Government Affairs and Policy Development – This program supports current Council and agency objectives through policy development, strategic analysis and intergovernmental relations and advises the Council on emerging policies and initiatives.

Community Investment Initiative – The Community Investment Initiative (CII) is led by a Leadership Council consisting of business leaders, community nonprofit representatives, educators and former elected officials. The Leadership Council is charged with looking at infrastructure investment strategies for economic growth. The Leadership Council and Metro staff work together to craft an integrated federal, state, regional and local investment strategy to help close the gap between the region's needs and its financial means.

SIGNIFICANT CHANGES FOR THE BUDGET

FTE	$	Description
(1.0)	($81,300)	Eliminate vacant Program Analyst II position in Council office
	$60,000	Increase outreach and support for local government strategy
1.0	$75,000	Establish 1-year limited duration Program Analyst III position in CII
	($32,000)	Reduce temporary staffing and consultant support for CII
	$58,000	Increase funding for sponsorships, outreach and translation to fully engage diverse communities in public involvement diversify committee membership and maintain diverse workforce; internal training for agency-wide diversity program
0.0	**$79,300**	**TOTAL**

Please see the Communications budget narrative for details on changes to the communications portion of the overarching CIS program.

PERFORMANCE MEASURES

Level of satisfaction through staff questionnaire, "I am proud to work for Metro."

09/10	10/11	11/12	*12/13*	*13/14*	*14/15*	*15/16*
NEW	**94.5%**	**NA***				

Percentage of diverse applicants to full time positions and internship.

09/10	10/11	11/12	*12/13*	*13/14*	*14/15*	*15/16*
NEW	**8.8%**	7.9%				

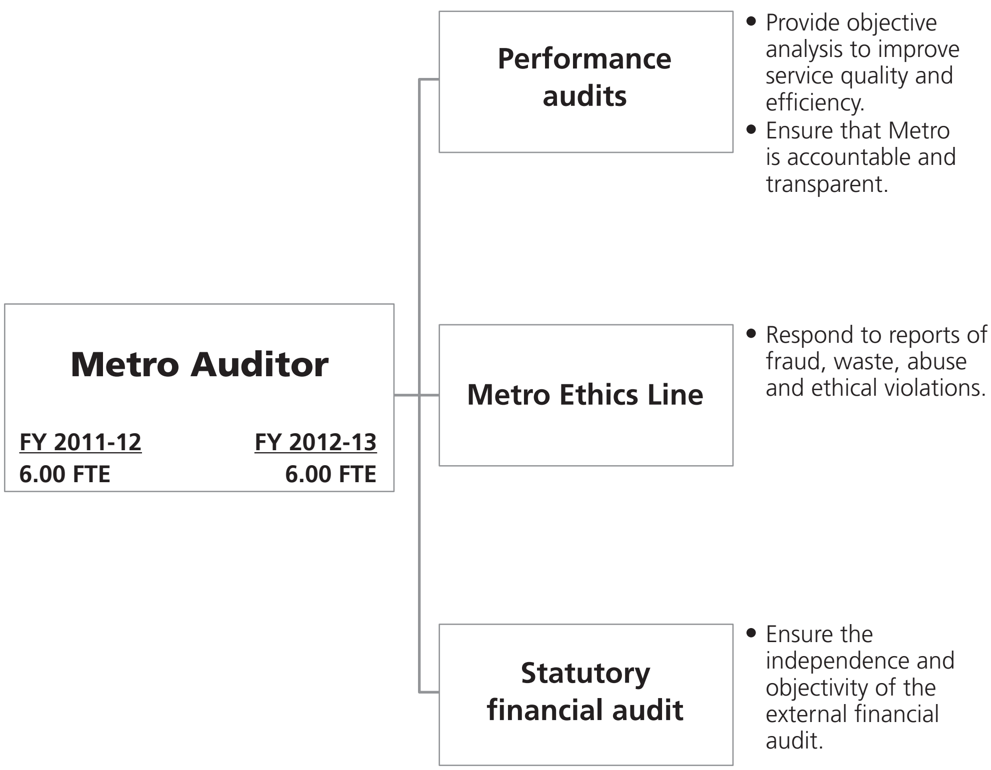
*Data generated by Sightlines survey is conducted biennially.

PROGRESS ON FY 2011-12 KEY OBJECTIVES

- Completed key actions on the following long-term projects: Columbia River Crossing Land Use Final Order adoption and project conditions, and urban growth boundary expansion.
- Developed and executed the 2012 legislative agenda.
- Continued work with Council and Senior Leadership Team to assess the need for a more robust federal lobbying strategy.
- Continued to provide direction to the Climate Smart Communities project which mandates Metro to execute the requirements of House Bill 2001 for greenhouse gas scenario planning.
- Provided leadership in developing a regional consortium and submission of a second grant application to the federal Department of Housing and Urban Development to develop a regional strategy for affordable housing and equity.
- Recruited and hired a new Chief Operating Officer.
- Appointed a new Metro Attorney.
- Participated in formation of Greater Portland Inc. and development of the Metropolitan Export Initiative.
- Continued federal lobbying effort on transportation, including coordination of regional federal transportation agenda.
- Developed, through the Community Investment Initiative Leadership Council, investment strategies to enhance the region's infrastructure in support of economic prosperity.

KEY OBJECTIVES FOR FY 2012-13

- Orient and prepare three new Metro councilors who will take office in January 2013.
- Facilitate successful Council engagement with the Leadership Council of the Community Investment Initiative on recommendations for action.
- Improve local outreach and engagement strategy as directed by the Metro Council.
- Develop and execute 2013 legislative strategy and agenda.
- Support Visitor Venues general manager and staff in advancing a project to develop a hotel room block to attract additional national conventions.
- Continue to provide direction to the Climate Smart Communities project which mandates Metro to execute the requirements of House Bill 2001 for greenhouse gas scenario planning.
- Ensure Council-adopted conditions on the Columbia River Crossing project are implemented relative to financing, phasing, community enhancement fund and neighborhood impacts among others.
- Continue serving as agency liaison to West Hayden Island planning process to reconcile deepwater marine industrial lands need with fish and wildlife habitat protection.


Metro Auditor
FY 2011-12
6.00 FTE
FY 2012-13
6.00 FTE
Performance audits
• Provide objective analysis to improve service quality and efficiency.
• Ensure that Metro is accountable and transparent.
Metro Ethics Line
• Respond to reports of fraud, waste, abuse and ethical violations.
Statutory financial audit
• Ensure the independence and objectivity of the external financial audit.

Summary of Metro Auditor

	Audited FY 2009-10	Audited FY 2010-11	Adopted FY 2011-12	Amended FY 2011-12	Proposed FY 2012-13	Approved FY 2012-13	Adopted FY 2012-13	% Change from Amended FY 2011-12
BUDGET BY CLASSIFICATION								
Personnel Services	$595,350	$584,191	$644,908	$644,908	$664,274	$664,274	$664,274	3.00%
Materials and Services	17,979	28,405	41,544	41,544	44,474	44,474	44,474	7.05%
TOTAL	**$613,329**	**$612,596**	**$686,452**	**$686,452**	**$708,748**	**$708,748**	**$708,748**	**3.25%**
BUDGET BY FUND								
General Fund	$613,329	$612,596	$686,452	$686,452	$708,748	$708,748	$708,748	3.25%
TOTAL	**$613,329**	**$612,596**	**$686,452**	**$686,452**	**$708,748**	**$708,748**	**$708,748**	**3.25%**
FULL-TIME EQUIVALENTS (FTE)	6.00	6.00	6.00	6.00	6.00	6.00	6.00	0.00%
FTE CHANGE FROM FY 2011-12 AMENDED BUDGET								0.00

Metro Auditor

The Office of the Metro Auditor ensures that Metro and its activities are transparent and accountable to the public. Auditors objectively analyze Metro programs to determine areas where service quality can be improved and efficiencies can be gained. The Metro Auditor selects an external financial auditing firm to audit Metro's annual financial statements and administers the contract.

MAJOR PROGRAMS

Performance Audits – After conducting a risk assessment, the Metro Auditor decides which audits will be scheduled for the next fiscal year. Auditors provide written audit reports on topics covering the full spectrum of Metro organizational units and activities. Audits are conducted following Government Auditing Standards. The results are presented publicly to the Metro Council and published on the Auditor's web site. The Office regularly tracks the implementation of audit recommendations and conducts follow-up audits two years after the original audit work was completed. In April 2012, the Office received the Knighton Gold Award for best audit in 2011 in the small audit shop category from the Association of Local Government Auditors for the audit on the Administration of Large Contracts.

Metro Ethics Line – The Office administers a phone and on-line system that allows Metro employees and citizens to anonymously report concerns related to fraud, waste, abuse and ethical violations. The Auditor oversees investigations that are conducted in response to reports and can initiate an audit if needed.

Financial Statement Audit – The Auditor's Office secures formal bids from auditing firms interested in performing the annual audit of Metro's financial statements and manages the evaluation of the bids received. The Auditor appoints the external auditor and administers the contract.

BUDGET ENVIRONMENT

Metro performs a broad range of activities that can expose Metro resources to significant risk. Audits need to address risk within the organization in several ways so that resources are adequately protected, business processes are efficiently operating and programs are effectively meeting goals. The level of audit resources affects which areas are audited and when. The challenge is to target audits strategically so that they produce the most value.

SIGNIFICANT CHANGES FOR THE BUDGET

None.

PERFORMANCE MEASURES

Percent of recommendations implemented by five years after audit issued.

09/10	10/11	11/12	*12/13*	*13/14*	*14/15*	*15/16*
96%	**79%**	75%	*75%*	*75%*	*75%*	*75%*

Average hours per audit completed.

09/10	10/11	11/12	*12/13*	*13/14*	*14/15*	*15/16*
863	**680**	**801**	*1,200*	*1,200*	*1,200*	*1,200*

Reports issued per FTE.

09/10	10/11	11/12	*12/13*	*13/14*	*14/15*	*15/16*
1.5	**1.8**	**1.5**	*1.5*	*1.5*	*1.5*	*1.5*

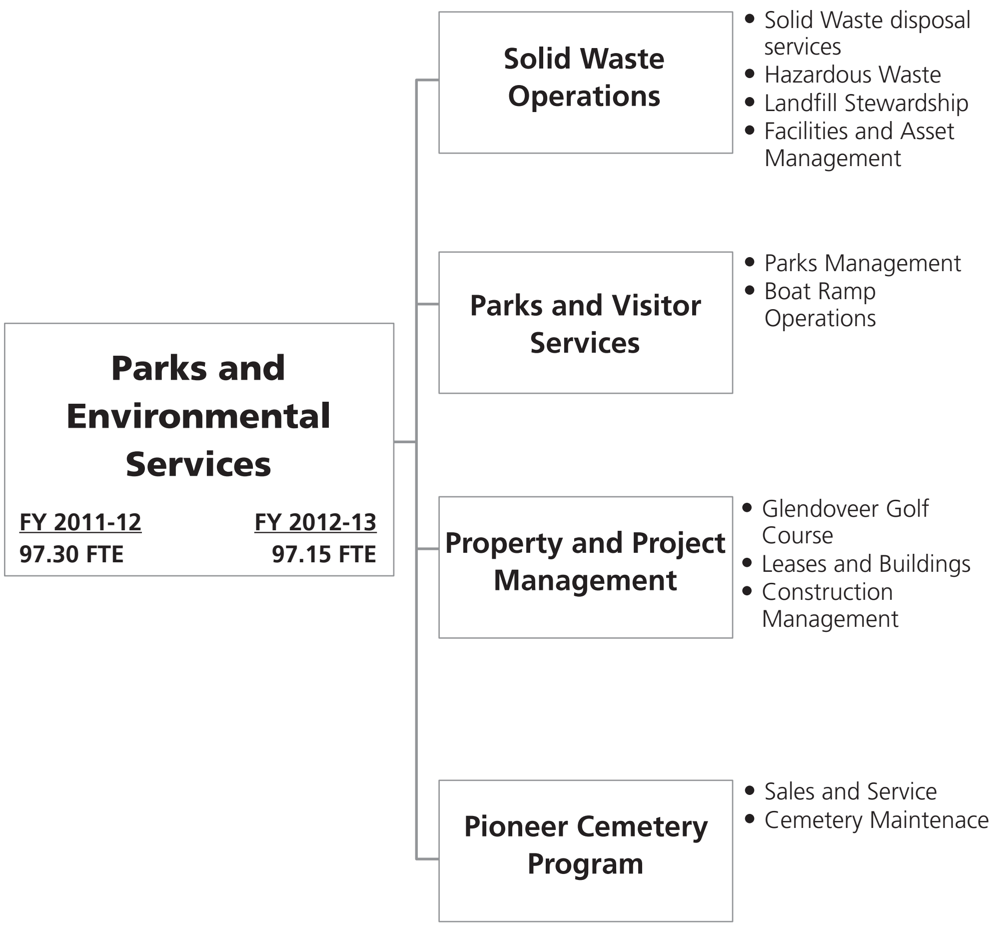
PROGRESS ON FY 2011-12 KEY OBJECTIVES

- A follow-up audit of Information Services Software Controls was placed on the FY 2011-12 Audit Schedule and was intended to follow the U.S. Government Accountability Office's standards for conducting its high risk series audits. Work may not be initiated or completed in FY 2011-12 and will instead occur in FY 2012-13.

KEY OBJECTIVES FOR FY 2012-13

- Pass successfully a peer review as required by Government Auditing Standards. The Auditor will contract with the Association of Local Government Auditors to complete this review in November 2012.
- Revise audit procedures to reflect the recently revised Government Auditing Standards.

Parks and Environmental Services



Summary of Parks and Environmental Services

	Audited FY 2009-10	Audited FY 2010-11	Adopted FY 2011-12	Amended FY 2011-12	Proposed FY 2012-13	Approved FY 2012-13	Adopted FY 2012-13	% Change from Amended FY 2011-12
BUDGET BY CLASSIFICATION								
Personnel Services	$8,885,024	$8,852,100	$9,768,962	$9,805,179	$9,888,918	$9,888,918	$9,888,918	0.85%
Materials and Services	35,143,322	34,464,473	37,362,099	41,107,896	41,242,096	41,242,096	41,273,096	0.40%
Capital Outlay	3,047,305	1,065,514	4,665,793	4,656,015	8,243,222	8,243,222	8,257,435	77.35%
TOTAL	**$47,075,651**	**$44,382,087**	**$51,796,854**	**$55,569,090**	**$59,374,236**	**$59,374,236**	**$59,419,449**	**6.93%**
BUDGET BY FUND								
General Fund	$6,568,190	$6,496,666	$6,493,041	$6,656,184	$6,681,825	$6,681,825	$6,681,825	0.39%
General Asset Management Fund	3,224,531	1,212,845	2,053,737	2,163,959	3,125,366	3,125,366	3,010,579	
Smith & Bybee Lakes Fund	38,014	101,043	65,000	65,000	65,000	65,000	65,000	0.00%
Solid Waste Revenue Fund	37,244,916	36,571,533	43,185,076	46,683,947	49,502,045	49,502,045	49,662,045	6.38%
TOTAL	**$47,075,651**	**$44,382,087**	**$51,796,854**	**$55,569,090**	**$59,374,236**	**$59,374,236**	**$59,419,449**	**6.93%**
FULL-TIME EQUIVALENTS (FTE)	104.55	98.55	96.80	97.30	97.15	97.15	97.15	(0.15%)
FTE CHANGE FROM FY 2011-12 AMENDED BUDGET								(0.15)

Parks and Environmental Services

Parks and Environmental Services contributes directly to the preservation of the region's livability and supports the goals and objectives developed by the Metro Council by providing for the safe, efficient and effective reuse, recycling and disposal of solid and household hazardous waste, and by providing places for the residents of the region to hike, fish, picnic, boat, golf, swim and play while engaging in their natural surroundings. Parks and Environmental Services is divided into four budgetary programs: Solid Waste Operations, Parks and Visitor Services, Property and Project Management and Pioneer Cemetery Program.

MAJOR PROGRAMS

Solid Waste Operations – The primary purpose of the Solid Waste Operations program is to provide comprehensive solid and hazardous waste reuse, recycling and disposal services to the public and commercial haulers. The Solid Waste Operations program includes three specific service areas:

> **Hazardous Waste Reduction –** Reduces the toxicity of the waste stream and the amount of hazardous materials that enters the environment through collection and environmentally-sound disposal of hazardous waste at its two sites and neighborhood roundups, and recycling of latex paint at the MetroPaint facility. Reuses and recycles materials, including latex paint under PaintCare contract, to keep them from unnecessary disposal.
>
> **Disposal Services –** Provides comprehensive solid waste disposal services to commercial haulers and the public; includes Metro's two transfer stations.
>
> **Landfill Stewardship –** Provides effective stewardship of two of the region's inactive solid waste landfills. It ensures compliance with all federal, state and local regulations applicable to landfill closure operations and post-closure requirements. Limited quantities of landfill gas (methane) are recovered and sold to an end-user.

Pioneer Cemetery Program – Metro owns, operates and maintains 14 pioneer cemeteries spread across 25 miles and totaling 66 acres. Sales of casket burial plots and related services provide the majority of revenue generated for the program. With only 22 years of casket plot inventories remaining and finite land to be developed, long term revenue options are necessary to ensure that funds are set aside for the perpetual care of the properties.

Parks and Visitor Services greets thousands of visitors each day in Metro's regional parks, cemeteries, golf course and marine facilities. The division maintains and operates (directly or through service contracts) Oxbow Regional Park, Blue Lake Regional Park, Howell Territorial Park, Chinook Landing Marine Park, M. James Gleason Boat Ramp, Sauvie Island Boat Ramp, Smith and Bybee Wetlands Nature Park, Mt. Talbert Nature Park, Cooper Mountain Nature Park, Mason Hill Park and Graham Oaks Nature Park.

Property and Project Management Office is a new division that consolidates multiple functions across Metro and is responsible for residential and agricultural leases on Metro natural areas, Glendoveer Golf Course, overall construction project management and management of most capital projects for Metro and Metropolitan Exposition and Recreation Commission (MERC) facilities.

Property Services maintains operations within the Metro Regional Center and Irving Street Parking Structure. The Property Services budget program includes three main services: Building and security services, office services and fleet management.

BUDGET ENVIRONMENT

Solid waste system tonnage in the region plummeted as the recession gained momentum. It appears that the bottom has been reached, although tonnage remains relatively flat. By the end of FY 2012-13 a slight uptick is expected regionally, with a slow but steady upward growth following. However, there is continuing erosion of tonnage going through the Metro transfer stations. Simultaneously, the agency is developing policies that reduce waste, most recently and significantly the diversion of organic food waste from the putrescible waste stream. The City of Portland's residential food waste program is an example of this. Metro's transfer stations have seen an increase in volume as a result of this program.

The Pioneer Cemetery program completed a Cemetery Business and Operations Plan in September 2011. The plan has shifted the focus of the program to records management, best management practices and investments in cremation offerings to accelerate sales and contributions to the Pioneer Cemetery Perpetual Care Fund.

Parks and Environmental Services is also focused on major projects at two facilities: Oxbow Park and the Glendoveer Golf Course. During the past two winters Oxbow Park suffered significant erosion, and extensive short- and long-term work is needed to plan and implement continued safe public access to camping and other areas of Oxbow Park. At the Glendoveer Golf Course, a process is underway to implement a new operator contract by the end of calendar year 2012.

SIGNIFICANT CHANGES IN THE BUDGET

FTE	$	Description
	$4,476,030	Increase fees associated with residential organics composting program begun by City of Portland in 2011
	$331,000	Allocate one-time General Fund resources for capital improvements at Glendoveer Golf Course
	$100,000	Allocate one-time General Fund resources for geotechnical analysis to determine how to respond to continuing erosion and new master plan to set future direction for Oxbow Park
	$50,000	Invest in new cremation offerings at Lone Fir Pioneer Cemetery to meet growing market demand and generate additional revenue; estimated payback period of 2-to-3 years
(0.15)	($18,413)	Adjust remaining portion of Manager I position eliminated in Deceber 2011 as part of Project Management Office consolidation (General Fund portion)
(0.15)	**$4,938,617**	**TOTAL**

PERFORMANCE MEASURES

Material recovery rate at Metro Central Transfer Station.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
16.7%	**32.7%**	34%	*34%*	*34%*	*34%*	*34%*

Material recovery rate at Metro South Transfer Station.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
16.7%	**17%**	17%	*17%*	*17%*	*18%*	*18%*

Revenues as a percentage of total expenses at MetroPaint.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
NEW		100%	*100%*	*100%*	*100%*	*100%*

Annual percentage increase in cemetery sales and service revenue.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
	NEW	10%	*5%*	*10%*	*10%*	*10%*

Revenues as a percentage of total direct expenses at Oxbow, Blue Lake and Marine Facilities.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
70.1%	**67%**	66.5%	*65.5%*	*65%*	*64.5%*	*64%*

PROGRESS ON FY 2011-12 KEY OBJECTIVES

Solid Waste Operations

- Completed improvements at Metro Central to increase capacity to handle commercial organic food waste and added capacity to handle residential food waste at Metro Central and Metro South.
- Negotiated an extension of the contract with PaintCare until the completion of the program pilot phase.

Cemetery Program

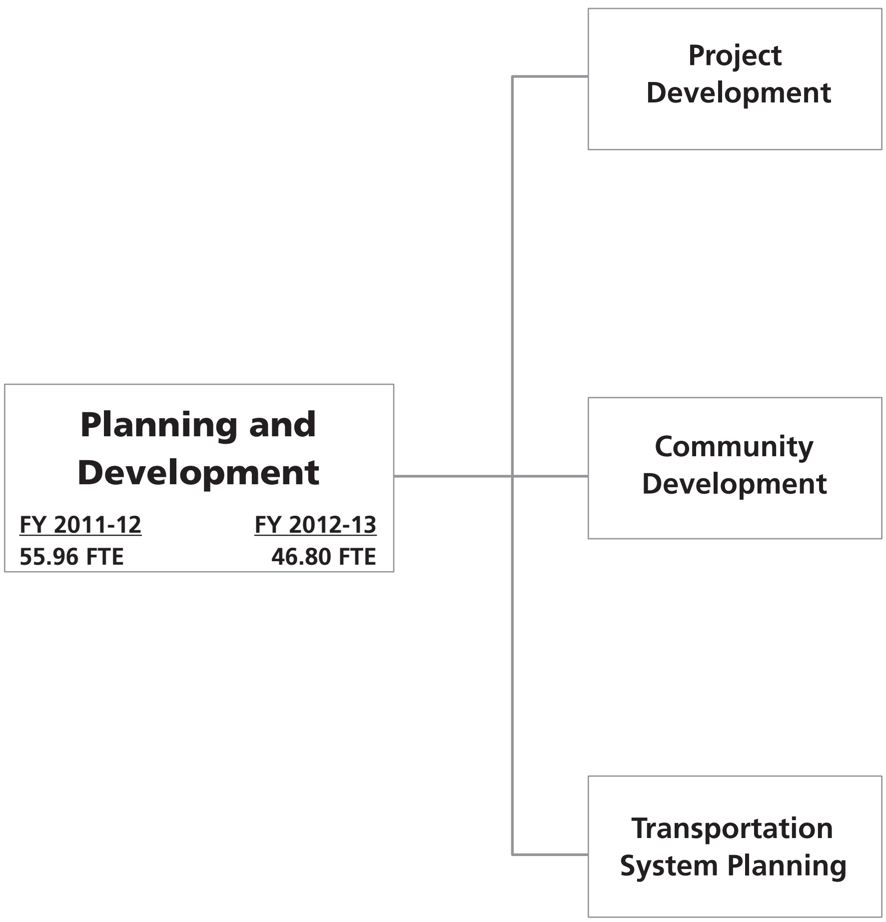
- Began installation of new signage at multiple Pioneer Cemeteries to be completed by summer 2012.
- Adopted new fees and perpetual care fund contributions; adopted procedures for marking and opening graves, managing excess soil and continued industry benchmarking to improve operations at all 14 Pioneer Cemeteries.

Parks and Natural Areas Management

- Created Property and Project Management Office (PMO). Development continues on a Project Management Manual, associated training and standards.
- Replaced the roof of the historic Howell-Bybee House as well as many other parks buildings. Additional work, including a new porch, paint and other items, was completed at the Howell-Bybee House during an all-PES work party in summer 2011.
- Replaced 280 feet of wooden dock at the Blue Lake Park boat concession operation facility.

KEY OBJECTIVES FOR FY 2012-13

- Continue work on the Solid Waste Roadmap project.
- Create an external cemetery advisory committee for the Pioneer Cemetery program.
- Develop and implement a marketing and sales plan for the Pioneer Cemetery program. Install new cremation offerings at Lone Fir Cemetery.
- Ensure safe public access to Oxbow Park in light of recent damage to the park. Update the Master Plan to create long-term park opportunities.
- Implement new operations contract at Glendoveer Golf Course, a new lease agreement with the Ringside Restaurant and complete the capital improvements funded at the course.


Planning and Development
FY 2011-12
55.96 FTE
FY 2012-13
46.80 FTE
Project Development
Community Development
Transportation System Planning

Summary of Planning and Development

	Audited FY 2009-10	Audited FY 2010-11	Adopted FY 2011-12	Amended FY 2011-12	Proposed FY 2012-13	Approved FY 2012-13	Adopted FY 2012-13	% Change from Amended FY 2011-12
BUDGET BY CLASSIFICATION								
Personnel Services	$5,765,741	$5,851,442	$6,369,409	$6,436,645	$5,611,037	$5,611,037	$5,611,037	(12.83%)
Materials and Services	5,051,104	4,506,361	10,100,232	10,125,232	8,866,159	8,866,159	8,866,159	(12.44%)
TOTAL	**$10,816,845**	**$10,357,803**	**$16,469,641**	**$16,561,877**	**$14,477,196**	**$14,477,196**	**$14,477,196**	**(12.59%)**
BUDGET BY FUND								
General Fund	$10,816,845	$10,357,803	$16,469,641	$16,561,877	$14,477,196	$14,477,196	$14,477,196	(12.59%)
TOTAL	**$10,816,845**	**$10,357,803**	**$16,469,641**	**$16,561,877**	**$14,477,196**	**$14,477,196**	**$14,477,196**	**(12.59%)**
FULL-TIME EQUIVALENTS (FTE)	57.60	57.20	55.38	55.96	46.80	46.80	46.80	(16.37%)
FTE CHANGE FROM FY 2011-12 AMENDED BUDGET								(9.16)

Planning and Development partners with public and private sector interests to help communities target investments in their downtowns, main streets and employment areas consistent with the Region 2040 Growth Concept. In 2010 the Council adopted the "Community Investment Strategy" and Six Desired Regional Outcomes (i.e., vibrant communities, economic prosperity, safe and reliable transportation, clean air and water, climate change leadership and equity) to guide our work. We also perform all the federally mandated functions required of a Metropolitan Planning Organization (MPO) including staffing the Joint Policy Advisory Committee on Transportation and Transportation Policy Alternatives Committee, managing the Metropolitan Transportation Improvement Program (MTIP) process and developing and implementing the Regional Transportation Plan.

Planning and Development

MAJOR PROGRAMS

Project Development (formerly known as Corridor Planning and Development) – Partnering with communities to identify and target the right combination of investments necessary to help them grow their downtowns, main streets and employment areas.

Community Development (formerly known as Land Use Planning and Development) – implementing the Region 2040 Growth Concept through policy development, education and technical assistance, as well as monitoring local compliance.

Transportation System Planning – including all functions critical to Metro's role as the federally designated Metropolitan Planning Organization, such as gaining regional consensus on transportation funding priorities, developing and implementing the 20-year Regional Transportation Plan and leading the Transportation System Management and Operations program to optimize use of our existing infrastructure.

BUDGET ENVIRONMENT

The budget is supported with three funding sources: General Fund, PLSTP (federal discretionary grants) and federal and state grants designated for specific projects (e.g., SW Corridor). All three sources are reduced in the FY 2012-13 budget.

Planning and Development has limited its use of General Fund resources as part of the agency-wide strategy to address flat or low-growth discretionary revenues such as property tax and excise tax. PLSTP dollars have remained at the same level since the last federal reauthorization more than six years ago. Due to rising employee and materials and services costs, those dollars have less buying power today. HB 2001 (Climate Smart Communities project) money from ODOT has allowed us to redeploy existing staff to this effort through FY 2012-13. As the budget was being adopted, the United States Congress concluded a short term reauthorization of federal funds. The result will ease funding somewhat in FY 2013-14 but will not entirely resolve the overall projected shortfall in federal dollars.

Funds designated for specific transportation (e.g., Lake Oswego to Portland Streetcar) corridors have been reduced in the FY 2012-13 budget. Project development functions have been streamlined.

If these trends continue, we will need to significantly reduce our transportation planning, forecasting and modeling programs in future fiscal years. However, we are aggressively pursuing other grant and funding opportunities in anticipation of reduced revenue.

SIGNIFICANT CHANGES FOR THE BUDGET

FTE	$	Description
Community Development (formerly Land Use Planning and Development)		
(1.0)	($110,000)	Eliminate vacant planner position in land use and development
	($205,000)	Eliminate payments to Research Center and outside consultants for technical assistance to support land use planning projects, assistance to local jurisdictions for 2040 implementation and updates and research for Metroscope modeling
Project Development (formerly Corridor Planning and Development)		
(5.0)	($452,320)	Eliminate 3 vacant corridor positions (2 transit project manager positions, one planner position); one principal planner position and one administrative specialist position. Realigns management structure of Project Development (Corridors) group consistent with the reorganization and resizes corridor work and support to match available funding.
	(35,400)	Eliminate dedicated bi-state support based on declining activity (CRC project)
Transportation System Planning		
(1.0)	($85,140)	Eliminate program assistant position due to shifting of RTO program delivery from Metro to TriMet and other partners
(1.0)	-	Transfer public affairs specialist to Communications but continue funding
	($110,000)	Resize modeling and MPO work to mandated levels, eliminating enhanced work to support partners, advocacy at state and federal levels and scales back public access to maps and information
Administrative Support		
(1.0)	($103,870)	Eliminate program analyst position in central finance group to align with reduced program activities
	($53,600)	Reduce temporary staffing (Metro and contractual) to align with reduced program activities; limits flexibility in assigning work and responding to unexpected workflow fluctuations
(.16)		Adjust FTE for limited duration grant funded positions ended and begun in prior year
(9.16)	**($1,155,330)**	**TOTAL**

PERFORMANCE MEASURES

Project Development:

Southwest Corridor Refinement Plan – Percentage Completion.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
0%	**25%**	50%	*75%*	*100%*		

Number of TOD projects completed each year in each center, corridor or station area.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
1	**2**	3	*3*	*3*	*3*	*3*

Community Development:

Number of jurisdictions in compliance with Title 13 Nature in Neighborhoods.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
23	**23**	24	*27*	*28*	*28*	*28*

Number of 2040 centers that meet the requirement in Title 6 to be eligible for regional investments.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
NA	**NA**	2	*4*	*6*	*8*	*10*

PROGRESS ON FY 2011-12 KEY OBJECTIVES

- Partnered with cities and counties to implement policies to create vibrant communities in centers and corridors by:
    - Partnering with PSU on research to support analysis of traffic impacts of mixed use development.
    - Initiating a broad, collaborative approach to consider the social equity effects of growth through collaboration with members of a regional housing and equity consortium and renewed efforts to map areas with more and fewer opportunities as well as housing needs.
    - Completing walkability audits in partnership with Hillsboro, Beaverton and Portland to develop recommendations that could enhance pedestrian movement and spur private investment.
    - Helping local communities identify investments that support redevelopment.
    - Drive Less/Save More Marketing Campaign – Promoting linking trips and reducing auto use (ongoing): Achieved a market penetration rate of more than 33 percent, with half of respondents reporting taking action to reduce their single-person car trips.
- Better aligned funding, land supply and investment decisions into a performance based, outcome-oriented framework.
- Led effort to develop a regional transportation finance strategy to include state, federal and regional funding to address significant gaps in the region's transportation and other infrastructure by:
    - MTIP: Initiating new process to guide project selection decisions consistent with the policy direction of the RTP.
    - Allocating Federal Economic Stimulus dollars.
- Provided technical assistance to communities to address financial and regulatory barriers and promote sustainability in centers, corridors and employment areas, consistent with local aspirations and the region's 2040 Growth Concept.
- Documented new trends and opportunities for the region's employment areas with the publication of Eco-Efficient Employment, the third in a series of Community Investment Toolkit publications, and offered technical assistance to local jurisdictions and the development community to implement the concepts.
- Completed the second of two EPA grants to provide funding for assessments of brownfield sites and promote site clean-up and redevelopment opportunities in centers and corridors in partnership with local governments and private property owners.
- Partnered with cities and counties:
    - Partnering with communities on locally initiated projects (e.g., TV Highway Corridor Plan, redesigning main streets) to offer financial and/or technical assistance as requested to foster great places around the region.
    - Participating in concept planning efforts around the region, which are supported by the Construction Excise Tax, to make the areas brought into the urban growth boundary ready for development.
    - Continuing implementation of the second round of Construction Excise Tax funding for Community Planning and Development Grants, as awarded by Council in 2010, within the limitations of a court appeal that was pending through most of FY 2011-12.

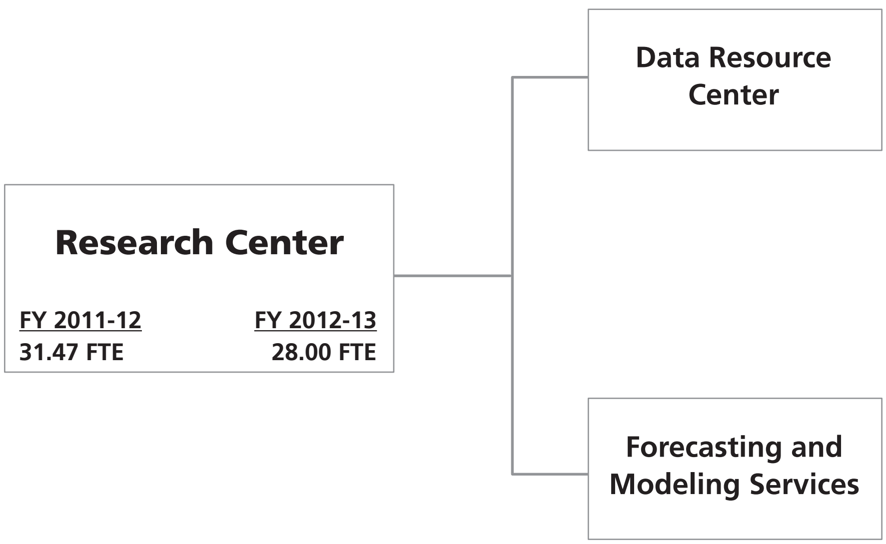
- Initiated land use and transportation planning for the Southwest Corridor and the East Metro Corridor refinement plans by establishing scopes and budgets and initiate work.
- With TriMet, secured a Record of Decision for the Milwaukie to Portland Light Rail Project and successfully entered the Final Design phase of the FTA New Starts process.
- Completed the Milwaukie Light Rail Final Environmental Impact Statement, obtained Record of Decision for project and supported TriMet's successful Final Design Application.
- Published Draft Environmental Impact Statement for the Lake Oswego to Portland Transit project, with project advisory committees and partners, developed Locally Preferred Alternative and commenced local approval process. Work on this project has been stopped at the request of Lake Oswego.
- With project partners, continued to advance the Columbia River Crossing project highway and light rail components through Preliminary Engineering, Final Environmental Impact Statement and the FTA New Starts process.
- Completed the Transit Oriented Development (TOD) Program Strategic Plan to guide future program investments.
- Started construction on two new TOD projects and secured approval on three new TOD projects.
- Selected a developer for the 4th and Main site in partnership with the City of Hillsboro.
- Continued to implement Development Opportunity Fund projects to support on the ground implementation of the 2040 framework plan by funding two types of initiatives: 1) innovative green demonstration projects and 2) pre-development studies with local governments on opportunity sites.
- Completed construction on one Urban Living Infrastructure project in Gresham, totaling 4,000 square feet of commercial space.
- Provided technical and financial assistance to communities to complete concept plans for 2,000–3,000 acres and adopt them into local comprehensive plans; continue support for planning more than 12,000 acres in the Damascus area. This is an ongoing project.
- Partnered with Coalition for Livable Future, Portland State University, local jurisdictions and others to develop web-based opportunity mapping tool, allowing users to review data and create customized maps assessing access to opportunity region-wide.
- Implemented regional freight plan priorities through coordination with federal, state and local freight planning efforts, including the Regional Flexible Funds Task Force.

KEY OBJECTIVES FOR FY 2012-13

Staff spent the past three years establishing an outcomes-based planning and policy framework to implement the Region 2040 Growth Concept. We are now focusing on specific implementation efforts consistent with Council direction to become more focused on community development needs. Objectives for FY 2012-13 include:

- Economic Development: Target public and private resources to create development ready industrial sites, facilitate brownfield clean-up and promote sustainable design and construction practices.

- Downtown/Main Street Revitalization: Establish ongoing resources in base budget to engage property owners, businesses and local partners in focused efforts to catalyze and sustain downtown redevelopment (e.g. Michelle Reeves Downtown Revitalization Curriculum, storefront improvements, walkability audits).
- Addressing Equity: Continue work with Environmental Justice Work Group on MTIP process, continue work with Multnomah County's Health & Equity grant, engage underserved populations in corridor planning work.
- Direct investment: Stimulate development, create jobs and improve quality of life in the region via direct investments such as Transit Oriented Development (TOD) construction projects, Regional Transportation Options grants, Community Development and Planning grants, and more.
- Freight Initiative: Develop a regional rail strategy with partners and look for opportunities to integrate work with the Metropolitan Export Initiative pilot program, industrial lands inventory, etc.
- Climate Smart Communities: Use scenario development and engagement strategy to illustrate ways to implement Region 2040 in communities. Project will develop a hybrid alternative scenario (proposed for release spring 2013) consistent with HB 2001 requirements.
- Southwest Corridor Plan: Substantially complete Phase 1 of the SW Corridor Plan; integrate local land use and community development plans with a transportation alternatives analysis to develop an implementation strategy for the Southwest Corridor.
- Initiate Next Corridor: Consistent with the High Capacity Transit Plan, work with TriMet and other regional partners to develop scope, schedule and budget for the next corridor plan with a focus on Bus Rapid Transit (BRT).
- Transportation Finance: Provide leadership to develop a regional transportation finance strategy to include state, federal and regional funding to address significant gaps in the region's infrastructure.
- Streetcar Technical Methods: Continue to assist the Federal Transit Administration (FTA) in the development of guidance for travel demand forecasting, economic development and station access methodologies for the Small Starts funding program. Focus for FY 2012-13 will be evaluating economic development potential of streetcars through case studies in two to three areas around the region.


Research Center
FY 2011-12
31.47 FTE
FY 2012-13
28.00 FTE
Data Resource Center
Forecasting and Modeling Services

Summary of the Research Center

	Audited FY 2009-10	Audited FY 2010-11	Adopted FY 2011-12	Amended FY 2011-12	Proposed FY 2012-13	Approved FY 2012-13	Adopted FY 2012-13	% Change from Amended FY 2011-12
BUDGET BY CLASSIFICATION								
Personnel Services	$3,243,570	$3,330,617	$3,398,332	$3,487,248	$3,216,912	$3,216,912	$3,263,156	(6.43%)
Materials and Services	1,015,206	866,182	1,002,334	1,002,334	617,779	617,779	617,779	(38.37%)
TOTAL	**$4,258,776**	**$4,196,799**	**$4,400,666**	**$4,489,582**	**$3,834,691**	**$3,834,691**	**$3,880,935**	**(13.56%)**
BUDGET BY FUND								
General Fund	$4,258,776	$4,196,799	$4,400,666	$4,489,582	$3,834,691	$3,834,691	$3,880,935	(13.56%)
TOTAL	**$4,258,776**	**$4,196,799**	**$4,400,666**	**$4,489,582**	**$3,834,691**	**$3,834,691**	**$3,880,935**	**(13.56%)**
FULL-TIME EQUIVALENTS (FTE)	31.18	32.67	30.70	31.47	28.00	28.00	28.50	(9.44%)
FTE CHANGE FROM FY 2011-12 AMENDED BUDGET								(2.97)

The Research Center supports the Metro Council, Metro staff, external clients and the public by providing accurate and reliable data, information, mapping, forecasting and technical services to support public policy analysis and regulatory compliance. The center coordinates data and research activities with local government partners, academic institutions and the private sector. In addition, the regional economic and travel forecasts provided by the Research Center meet federal and state requirements for consistent, accurate and reliable data and forecasting tools.

MAJOR PROGRAMS

Data Resource Center – The Data Resource Center (DRC) is the region's steward of Geographic Information System (GIS) data as housed in the Regional Land Information System (RLIS). Data Resource Center staff employs this information to provide spatial analysis and mapping products for internal and external clients.

Forecasting and Modeling Services – The Transportation Research and Modeling Services section, combined with the Economic and Land Use Forecasting section, comprise the Forecasting and Modeling Services division within the Research Center. This program provides support to Metro's operating units and regional partners by providing economic, land use allocation and travel demand forecasts to policy officials to assist in regional decision-making. The program also serves a number of external public and private sector clients with forecasting information and technical oversight.

BUDGET ENVIRONMENT

Data Resource Center – In FY 2012-13 the DRC will continue to focus on increasing the efficiency of our data collection, maintenance and distribution process. This will be accomplished through an ongoing effort to streamline the maintenance processes and cultivate relationships with data providers and other partners at the state and local level.

The DRC will also be looking to expand partnerships and collaboration on projects requiring spatial data, mapping and GIS services consistent with its mission. This will address the economic challenge of being requested to provide less work for some clients while better being able to meet the needs of others.

The DRC will also focus on reducing barriers to accessing information by developing creative approaches to illustrating information at both the regional and local scale.

Forecasting and Modeling Services – The revenue stream for state, local and federal funds is constrained. As a consequence, the projected level of project planning in FY 2012-13 has diminished. The Transportation Research and Modeling Services and Economic and Land Use Forecasting sections have programmed entrepreneurial activities to offset the loss of project revenue and allow for the retention of talent.

Management and Coordination – A major challenge for department management is ongoing outreach to customers and clients on new or revamped services, information and analysis tools available for their use. This includes a new suite of sketch tools developed in conjunction with the Climate Smart Communities work, but appropriate for a number of other projects and programs both inside and outside Metro. Similarly, training and outreach is required for aligning programs and projects with the Greater Portland Pulse; providing information on equity analyses across the agency; and continuing to incorporate greenhouse gas tools and methods into plans, projects and programs.

SIGNIFICANT CHANGES FOR THE BUDGET

FTE	$	Service Impact
(2.97)	($250,000)	Eliminate of limited duration positions related to Regional Indicators project (0.47), HB 2001 greenhouse gas scenarios (2.5)
(0.50)	($50,000)	Reduce of Assistant Regional Planner to part-time, reducing support and flexibility in project work flows
	($30,000)	Eliminate temporary staffing budget, reducing flexibility in meeting customer needs
	($350,000)	Reduce of outside consultant services related to completion of Household Survey project; reduction of payments to Portland State University for data assistance
	($28,000)	Reduce funding to support capture of data from partners for 3D visualization
0.5	$60,000	Add 0.5 FTE limited duration GIS Specialist position to collect and standardize information on regional pedestrian facilities.
(2.97)	**($648,000)**	**TOTAL**

PERFORMANCE MEASURES

Data Resource Center

Percentage of clients who rate the quality of DRC products and services as excellent.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
65%	**	77%	*73%*			

Percentage of clients who rate the relevance of RLIS data to their needs as excellent.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
61%	**	67%	*70%*			

Transportation Research and Modeling Services

Travel Demand Model capability, as measured by annual survey of clients. Continuous scale – 1.0 is poor, 5.0 is excellent.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
4.3	**3.5***	4.1	*4.1*			

Quality of the data produced by the model, as measured by annual survey of clients. Continuous scale – 1.0 is poor, 5.0 is excellent.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
4.8	**4.0***	4.3	*4.6*			

Customer service, as measured by annual customer survey. Continuous scale – 1.0 is poor, 5.0 is excellent.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
5.0	**4.5***	**5.0**	*5.0*			

*The methodology behind the survey instrument was refined as part of the Research Center strategic planning process. These changes will allow for year-to-year trend analysis beginning in FY 2010-11.

Economic and Land Use Forecasting

Regional macroeconomic model and MetroScope capabilities, as measured by annual survey of clients. Continuous scale – 1.0 is poor, 5.0 is excellent.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
**	**4.5**	5.0	*4.95*			

Quality of the data produced by the models, as measured by annual survey of clients. Continuous scale – 1.0 is poor, 5.0 is excellent.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
**	**4.7**	**5.0**	4.95%			

** Survey instrument was developed and implemented as part of the Research Center strategic planning process in FY 2009-10.

PROGRESS ON FY 2011-12 KEY OBJECTIVES

Department wide:

- Implemented greenhouse gas analysis for Metro projects, programs and activities through the use of the Greenhouse Gas Emissions Analysis Toolkit.
- Completed Metro-wide equity inventory and provided report/recommendations to Metro Council and SLT.
- Finished first comprehensive regional indicators (Greater Portland Pulse) report in conjunction with PSU and local partners, define methodology, finalize indicators and desired outcomes or trends and distribute results. Indicators will measure progress consistent with Metro Council Goals and through a triple-bottom line sustainability "lens."
- Transferred Greater Portland Pulse program maintenance to the Institute for Metropolitan Studies at PSU; continued to participate in fundraising, data collection, maintenance and reporting.
- Completed economic feasibility and modeling analysis effort to determine the likely amount of residential and non-residential development in the new urban reserves.

Data Resource Center:

- Fulfilled the needs of Metro clients, including 2040 concept and title map updates, trail data improvements and parks inventory updates.
- Completed the connectivity project, which modernized DRC core services.

Transportation Research and Modeling Services:

- Developed and applied modeling tools to support Climate Smart Communities scenario planning work.
- Continued development of the new tour-based travel demand model being developed in partnership with Portland State University and initiated use of the Dynamic Traffic Assignment module of the travel demand model.
- Concluded the data collection element of the travel behavior survey, summarized key findings and initiated behavior-related model enhancements.
- Began research regarding an improvement of the tools to estimate pedestrian travel.
- Provided service to clients in the form of modeling and data support to the SW Corridor Study, E. Metro Study, New Starts Before and After Studies required by FTA, Columbia River Crossing Study and miscellaneous data requests.
- Completed and tested new bike component of the travel demand model.

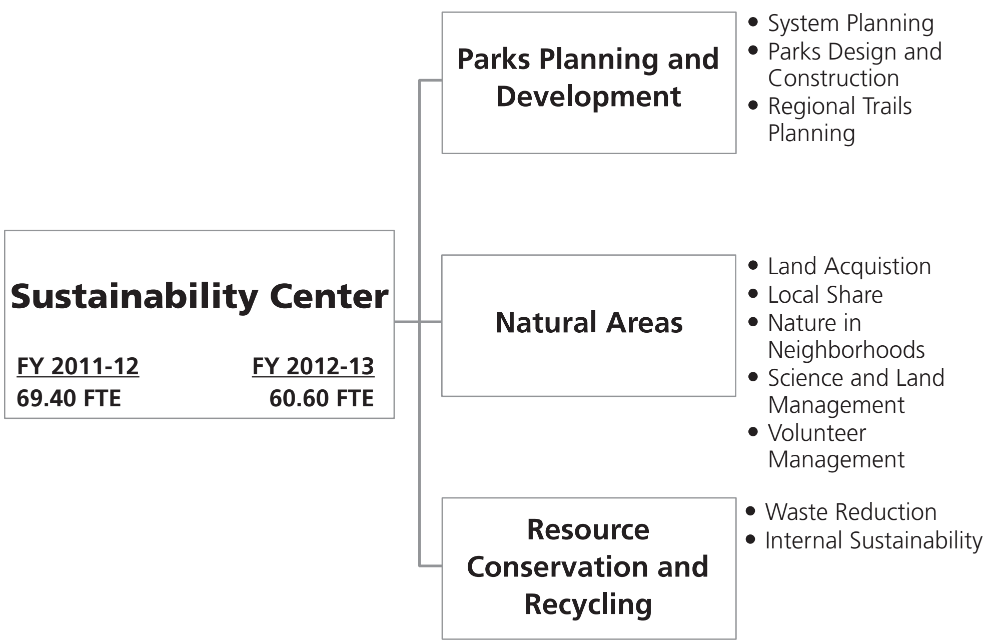
Economic and Land Use Forecasting

- Progressed on researching the following topics: development of a new non-residential refill filter, updating neighborhood scores, recoding MetroScope to accommodate new employment use/development categories, updating parts of the model parameters/assumptions as Census 2010 data get released.

- Completed regional capacity analysis and draft allocations for the 2010-2045 Regional Transportation Analysis Zone land use forecast allocation for Metro, local government and agency purposes.
- Developed an interim regional forecast to calibrate actual regional employment and household growth in light of the 2008-2010 recession.
- Finalized a "point" in the range growth forecast (i.e., lower middle-third scenario), which is consistent with the Metro Council urban growth boundary ordinance, for the 2012 Growth Allocation process.
- Developed a land use sketch tool for metropolitan climate modeling and forecasting to rapidly analyze equity trade-offs in housing and other land use characteristics, transportation, and green house gas emissions. The land use sketch tool works to identify housing and location choice in conjunction with the Envision Tomorrow tool and Metropolitan GreenSTEP in order to sketch and analyze future land use/transportation scenarios.

KEY OBJECTIVES FOR FY 2012-13

- Transition successfully the Greater Portland Pulse; integrate and align the Pulse indicators and outcomes with the six desired Regional Outcomes and within key Metro programs and activities.
- Complete development of sketch tools and modifications to decision-models to enhance Metro decision-making around the Six Regional Outcomes.
- Continue to provide timely, professional, competent, customer service to external and internal clients in forecasting, modeling and analysis.
- Provide quarterly data updates through the Regional Land Information System "Live" process for regional customer and subscribers; revise RLIS Live, as appropriate (e.g., regional bike network).
- Complete a 2010-2045 Growth Allocation process via Metro Council action and submittal to LCDC. Complete Metro Council, MPAC/MTAC, JPACT/TPAC and local government review and adoption by Fall 2012. Completion of the allocation will allow Metro and its partners to make planning and development progress toward building great communities.
- Collaborate with regional partners to standardize methodology for collecting and organizing information on pedestrian facilities.



Sustainability Center
FY 2011-12
69.40 FTE
FY 2012-13
60.60 FTE
Parks Planning and Development
• System Planning
• Parks Design and Construction
• Regional Trails Planning
Natural Areas
• Land Acquistion
• Local Share
• Nature in Neighborhoods
• Science and Land Management
• Volunteer Management
Resource Conservation and Recycling
• Waste Reduction
• Internal Sustainability

Summary of the Sustainability Center

	Audited FY 2009-10	Audited FY 2010-11	Adopted FY 2011-12	Amended FY 2011-12	Proposed FY 2012-13	Approved FY 2012-13	Adopted FY 2012-13	% Change from Amended FY 2011-12
BUDGET BY CLASSIFICATION								
Personnel Services	$6,076,351	$6,980,100	$7,449,328	$7,469,141	$6,669,780	$6,669,780	$6,669,780	(10.70%)
Materials and Services	11,471,106	13,877,722	19,692,361	19,692,361	17,443,587	17,443,587	17,894,237	(9.13%)
Capital Outlay	13,111,792	9,999,955	21,301,376	21,301,376	32,202,194	32,202,194	32,202,194	51.17%
TOTAL	**$30,659,249**	**$30,857,777**	**$48,443,065**	**$48,462,878**	**$56,315,561**	**$56,315,561**	**$56,766,211**	**17.13%**
BUDGET BY FUND								
General Fund	$3,389,725	$4,578,230	$5,014,777	$5,022,941	$4,036,112	$4,036,112	$4,086,762	(18.64%)
Natural Areas Fund	20,263,215	19,604,953	34,659,897	34,664,133	45,179,080	45,179,080	45,179,080	30.33%
Open Spaces Fund	19,526	78,819	336,876	336,876	738,934	738,934	738,934	119.35%
Rehabilitation & Enhancement Fund	359,013	296,637	336,903	336,903	358,641	358,641	358,641	6.45%
Solid Waste Revenue Fund	6,627,770	6,299,138	8,094,612	8,102,025	6,002,794	6,002,794	6,402,794	(20.97%)
TOTAL	**$30,659,249**	**$30,857,777**	**$48,443,065**	**$48,462,878**	**$56,315,561**	**$56,315,561**	**$56,766,211**	**17.13%**
FULL-TIME EQUIVALENTS (FTE)	62.93	69.75	69.35	69.40	60.60	60.60	60.60	(12.68%)
FTE CHANGE FROM FY 2011-12 AMENDED BUDGET								(8.80)

Sustainability Center

The Sustainability Center contributes directly to the preservation of the region's livability and supports the goals and objectives developed by the Metro Council, including Making a Great Place. The Sustainability Center focuses on providing accessible regional natural areas, parks and trails, and maintaining and enhancing environmental quality. It also promotes sustainable resource management through waste reduction initiatives, hands-on interpretive programs, youth and adult education, grants, demonstration projects and volunteer opportunities.

MAJOR PROGRAMS

Parks Planning and Development – Providing long-range and site-specific plans and designs for ensuring regional access to nature. Specific efforts include The Intertwine: working with the non-profit Intertwine Alliance, park providers, business leaders and non-governmental organizations to broaden the spectrum of parks, trails and natural area supporters and build collaborative regional strategies. Other efforts include collaborating with local park providers and citizens to plan alignments for regional trails, strategizing funding and implementation options and securing grants to build out the system. Lastly, providing design and construction oversight expertise to build or modify developed park and trail facilities or sites.

Natural Areas – This program protects, restores and manages natural areas throughout the region. To this end, staff implements and administers the $227.4 million Natural Areas bond measure passed by voters in November 2006. This includes the acquisition of regionally significant natural areas in identified target areas to protect lands around local rivers and streams, preserve significant fish and wildlife habitat, enhance trails and wildlife corridors and connect urban areas with nature. This program also includes a local share component, where cities, counties and park districts within Metro's jurisdiction will complete more than 100 locally significant projects, and a capital grants component that will fund neighborhood projects that enhance natural features and their ecological functions on public lands. Science and land management activities within this program focus on the preservation, restoration and enhancement of natural area habitats for fish and wildlife, including the use of volunteers who assist with stewardship of natural areas. Some Nature in Neighborhoods initiatives are also included in this program.

Resource Conservation and Recycling (RCR) – RCR includes two sub-programs: regional Waste Reduction and Metro's Internal Sustainability efforts. Waste Reduction advances the region's efforts to reduce the environmental and human health impacts associated with the production, consumption and end-of-life management of goods used by residents and businesses. Internal Sustainability focuses on implementing sustainable practices into Metro's own operations.

BUDGET ENVIRONMENT

Natural areas acquisition is supported entirely by voter-approved general obligation bonds, which are restricted to capital expenditures as described in the authorizing resolution. Long-term stewardship of lands acquired under the bond program must be financed from other, non-bond sources. Efforts are underway to identify opportunities for stable, long-term funding. In the Parks Planning and Development program, four planning studies and two construction efforts are funded by the federal government but all will be completed (or nearly so) by June 30, 2012, and there are no more federally funded projects in the pipeline.

The Resource Conservation and Recycling program is being driven by a need to invest in research to support more effective measurement, evaluation, program development and continuous improvement. There is also a need to continue the cost-sharing model with local government partners that has strongly contributed to the region's ability to implement effective on-the-ground waste reduction programs. The program is also adapting to the closing out of funding for two significant projects: Business Recycling Requirement implementation and the Clean Fleet Diesel Retrofit.

SIGNIFICANT CHANGES FOR THE BUDGET

FTE	$	Description
(1.0)	($118,038)	Eliminate limited duration Parks Planner position, potentially delaying construction for Pier/Chimney Park bridge
(1.0)	($108,378)	Eliminate limited duration Climate Initiatives Coordinator position as scheduled; work plan was calibrated for one year
(6.80)	($390,052) GF ($1,376,246) SW	Transfer 3.8 General Fund Conservation Education staff and 2.5 Solid Waste Reduction staff, with accompanying materials and services, to Oregon Zoo to consolidate Conservation and Environmental Education. One Manager position will be eliminated in December.
	($358,000)	Reduce Recycle at Work technical assistance funding to local governmental; completion of 4-year implementation period for Business Recycling Requirement
	($560,288)	Adjust for completion of diesel retrofit project
(8.8)	**($2,911,002)**	**TOTAL**

PERFORMANCE MEASURES

Complete feasibility and/or master plan studies for segments of the Regional Trail System.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
0	**2**	2	*2*	*3*	*2*	*2*

Complete plans or projects that will increase access to nature.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
1	**1**	1	*1*	*3*	*3*	*3*

Acres of land acquired for protection each year.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
1,428	**2,878**					

Percent of Metro natural area land restored or currently under restoration efforts to improve and maintain habitat qualities.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
35%						

Number of hours volunteered at Metro natural areas.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
		NEW				

No annual increase in regional per capita solid waste generation (in pounds).

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
3,045	**2,690**	2,605				

Regional recovery rate.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
56%	**58%**	64%	*64%*	*64%*	*64%*	*64%*

Greenhouse gas emissions reduced by waste reduction activities (in million metric tons of carbon dioxide equivalent). Targets are linked to regional recovery rate target.

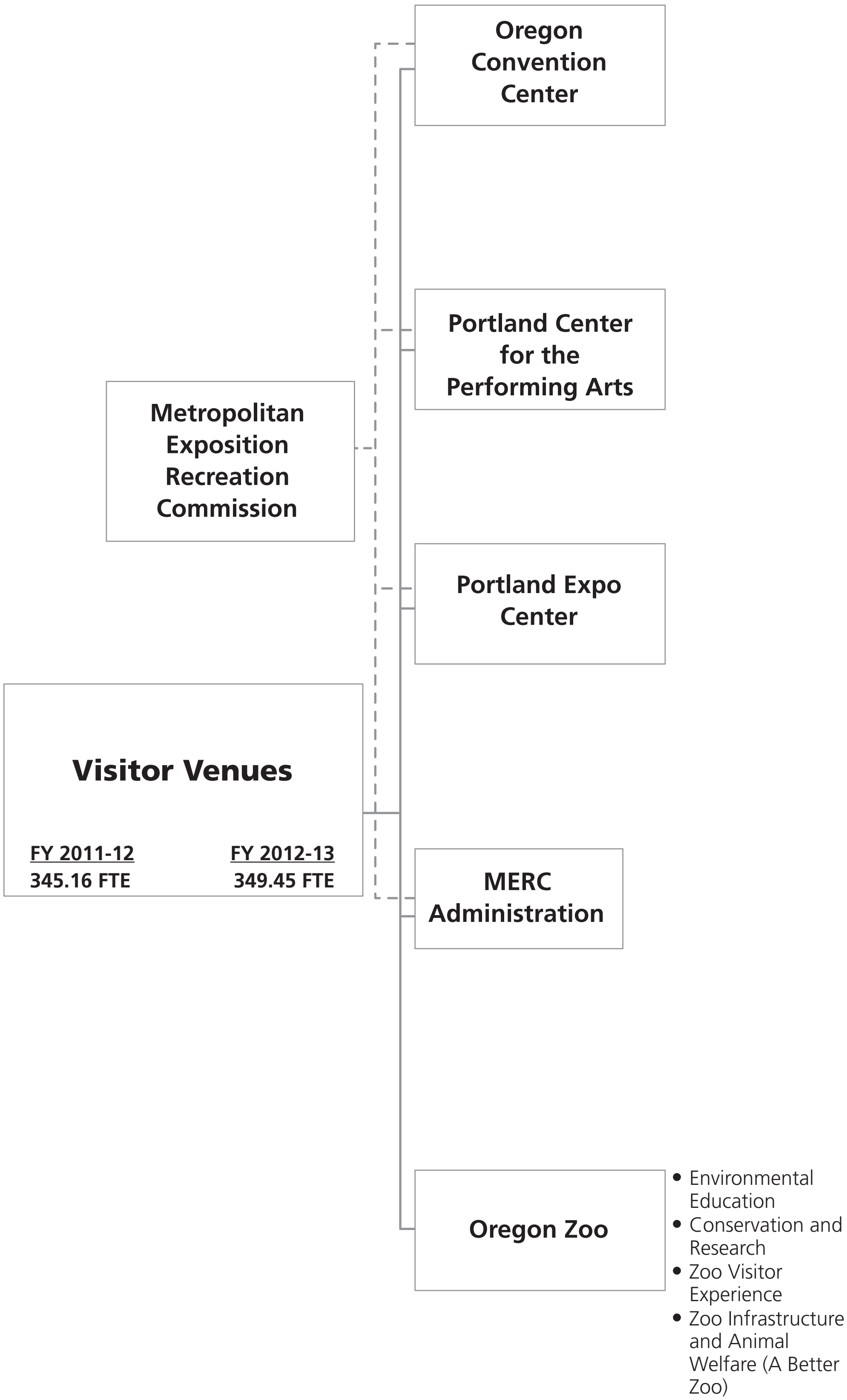
09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
1.9	**TBD**	2.4	*2.4*	*2.4*	*2.4*	*2.4*

PROGRESS ON FY 2011-12 KEY OBJECTIVES

- Developed strategy for funding of regional parks, natural areas and trails. A serious effort to establish a Metro service district was vigorously explored but timing was not propitious. A new strategy to consider other funding options, including perhaps a five-year serial levy for the May 2013 ballot, is being explored.
- Continued to implement 2006 Natural Areas bond with acquisition in all target areas. Acquisition is on track and currently exceeds the minimum target acreage.
- Continued to leverage restoration of natural areas with funding support from the Oregon Watershed Enhancement Board.
- Integrated Nature in Neighborhoods principles across entire Metro organization. Nature in Neighborhoods staff are actively involved in a number of agency initiatives to provide expertise and input on integrating habitat and low impact development practices. With changes proposed in this budget, those activities will likely decrease.
- Worked with local government partners to implement new food waste initiatives. The Sustainability Center provided funding and technical assistance to Gresham, Beaverton and Washington County to support planning and development of food waste recovery programs. It also partnered with these and other local governments, the Oregon Department of Environmental Quality and private composting facilities to make improvements to existing elements of the food waste collection and processing system.

KEY OBJECTIVES FOR FY 2012-13

- Work with Council and affected stakeholders to identify and implement ongoing funding for system restoration and park development purposes.
- Continue natural area acquisitions, local share projects and Nature in Neighborhoods Capital Grants as promised by the 2006 Natural Areas bond measure.
- Work with local government, state and private sector partners to stabilize and then expand food waste initiatives, which are priority elements of the Regional Solid Waste Management Plan adopted by the Metro Council in 2008.


Oregon Convention Center
Portland Center for the Performing Arts
Metropolitan Exposition Recreation Commission
Portland Expo Center
Visitor Venues
FY 2011-12
345.16 FTE
FY 2012-13
349.45 FTE
MERC Administration
Oregon Zoo
• Environmental Education
• Conservation and Research
• Zoo Visitor Experience
• Zoo Infrastructure and Animal Welfare (A Better Zoo)

Summary of Visitor Venues

	Audited FY 2009-10	Audited FY 2010-11	Adopted FY 2011-12	Amended FY 2011-12	Proposed FY 2012-13	Approved FY 2012-13	Adopted FY 2012-13	% Change from Amended FY 2011-12
BUDGET BY CLASSIFICATION								
Personnel Services	$32,713,014	$33,317,210	$35,764,907	$35,810,562	$36,789,774	$36,789,774	$36,789,774	2.73%
Materials and Services	30,086,723	31,009,081	31,993,274	35,194,199	36,457,666	36,457,666	36,591,738	3.97%
Capital Outlay	5,870,989	12,772,316	11,720,056	12,065,056	23,082,120	23,082,120	24,196,922	100.55%
Debt Service	1,728,813	1,593,801	1,593,040	1,593,040	1,590,452	1,590,452	1,590,452	(0.16%)
TOTAL	**$70,399,539**	**$78,692,408**	**$81,071,277**	**$84,662,857**	**$97,920,012**	**$97,920,012**	**$99,168,886**	**17.13%**
BUDGET BY FUND								
General Fund	$24,694,668	$25,125,391	$28,526,231	$28,541,635	$30,862,025	$30,862,025	$30,862,025	8.13%
General Asset Management Fund	3,315,228	840,091	2,334,793	2,846,614	1,660,029	1,660,029	1,937,754	
General Revenue Bond Fund	1,592,451	1,593,801	1,809,861	1,593,040	1,590,452	1,590,452	1,590,452	(0.16%)
MERC Fund	39,317,691	42,414,375	41,339,877	44,620,668	44,281,504	44,281,504	45,252,653	1.42%
Oregon Zoo Infrastructure & Animal Welfare Fund	1,479,501	8,718,750	7,060,515	7,060,900	19,526,002	19,526,002	19,526,002	176.54%
TOTAL	**$70,399,539**	**$78,692,408**	**$81,071,277**	**$84,662,857**	**$97,920,012**	**$97,920,012**	**$99,168,886**	**17.13%**
FULL-TIME EQUIVALENTS (FTE)	351.98	345.98	344.66	345.16	349.45	349.45	349.45	1.24%
FTE CHANGE FROM FY 2011-12 AMENDED BUDGET								4.29

Summary of MERC Administration

	Audited FY 2009-10	Audited FY 2010-11	Adopted FY 2011-12	Amended FY 2011-12	Proposed FY 2012-13	Approved FY 2012-13	Adopted FY 2012-13	% Change from Amended FY 2011-12
BUDGET BY CLASSIFICATION								
Personnel Services	$1,907,883	$1,866,526	$1,433,613	$1,436,925	$1,155,255	$1,155,255	$1,155,255	(19.60%)
Materials and Services	410,021	288,563	583,320	583,320	559,309	559,309	559,309	(4.12%)
Capital Outlay	101,794	0	102,000	102,000	47,000	47,000	47,000	(53.92%)
TOTAL	**$2,419,698**	**$2,155,089**	**$2,118,933**	**$2,122,245**	**$1,761,564**	**$1,761,564**	**$1,761,564**	**(17.00%)**
BUDGET BY FUND								
MERC Fund	2,419,698	2,155,089	2,118,933	2,122,245	1,761,564	1,761,564	1,761,564	(17.00%)
TOTAL	**$2,419,698**	**$2,155,089**	**$2,118,933**	**$2,122,245**	**$1,761,564**	**$1,761,564**	**$1,761,564**	**(17.00%)**
FULL-TIME EQUIVALENTS (FTE)	22.00	20.00	14.85	14.85	11.50	11.50	11.50	(22.56%)
FTE CHANGE FROM FY 2011-12 AMENDED BUDGET								(3.35)

Visitor Venues

Metro's Visitor Venues include the Oregon Convention Center (OCC), Portland Center for the Performing Arts (PCPA), Portland Metropolitan Exposition Center (Expo) and the Oregon Zoo. Formed in July 2010 to enhance collaboration on operational issues, the team actively works towards a common mission of maintaining world-class gathering and entertainment spaces for residents and visitors and creating significant economic impact throughout the region.

Through its Metropolitan Exposition Recreation Commission (MERC), Metro benefits from business and community leaders whose expertise and guidance set the strategic business direction for three of the venues: OCC, Expo and PCPA. Commission members are nominated by Clackamas, Multnomah and Washington counties and the City of Portland and appointed by the Metro Council to serve four-year terms.

The Oregon Zoo also benefits from a key public/private partnership through The Oregon Zoo Foundation (OZF), composed of business and community leaders. The OZF's mission is to foster community pride and involvement in the Oregon Zoo and to secure financial support for the zoo's conservation, education and animal welfare programs.

MAJOR PROGRAMS

Performing Arts, Arts and Culture – The Portland Center for the Performing Arts is a collection of performance spaces serving the city's major resident companies, commercial promoters, local nonprofit arts groups and national touring series, Broadway across America. Central to Portland's thriving Broadway Cultural District, nearly one million visitors attend events and performances each year that contribute to the cultural vibrancy of the region.

Conventions, Trade and Consumer Shows – The Oregon Convention Center and the Portland Metropolitan Exposition Center are among the West Coast's largest convention and exhibition spaces, attracting a million visitors each year combined to a wide variety of international, national and regional events that foster business development and support the region's economy.

Zoo Conservation Education – The Oregon Zoo's conservation program focuses on identification and implementation of *in situ* and *ex situ* wildlife conservation through direct fieldwork, research, improved animal husbandry techniques and captive propagation. Educational programs offer learning opportunities to people of all ages and cultures, both on-campus and off.

Zoo Visitor Experience – Visitor experiences at the Oregon Zoo represent the primary activities that affect the guests during their visit to the zoo campus. Supporting the zoo's mission statement, the zoo provides guests the variety opportunity for observation, discovery, engagement of animals in a naturalistic environment and serves 1.6 million visitors each year.

Zoo Infrastructure and Animal Welfare Bond Program – The Oregon Zoo's bond program, A Better Zoo, implements the capital planning and construction activities funded through approval of the 2008 general obligation bond.

BUDGET ENVIRONMENT

The slow economic recovery continues to pose challenges to the visitor venues as corporate, nonprofit and general public customers maintain reduced spending levels implemented in recent years. Signs of growth are emerging, evidenced by increasing levels of attendance and size of events overall. In FY 2012-13, however, national convention business at the OCC is projected to be 25 percent lower due to the long-term nature of scheduling and booking of these events (3-5 years ahead), which occurred at the depth of the 2008 economic recession. National convention and other client bookings are expected to rebound beginning in 2014.

MERC visitor venue and centralized administrative staffing levels have adjusted to reflect the venues' business needs and will continue to do so. The Oregon Zoo is facing a challenging revenue year with construction affecting the railroad during the busy visitor season, and other construction impacts throughout the zoo that could have a negative impact on revenues. Expo is taking an aggressive approach to generating new streams of revenue through a staff reorganization and increased investment in marketing. The Portland Center for the Performing Arts will benefit from a new more lucrative ticketing contract and a strong 10-week run of Broadway in FY 2012-13.

SIGNIFICANT CHANGES FOR THE BUDGET

FTE	$	Description
MERC Administration Only*		
(3.0)	($274,000)	Transfer of three position to Finance and Regulatory Services as part of continuing consolidation of business services. Positions will become generalized with a proportionate share paid by MERC through the cost allocation plan.
(.35)	($61,076)	Eliminate Construction Manager position 12/31/2011 as part of Project Management Office consolidation (MERC Fund portion only)
	(77,884)	Transfer costs directly charged for policy analyst support from MERC Administration to OCC. For FY 2012-13 project will be related to enhanced marketing project for Convention Center
(3.35)	**($412,960)**	**Total**

*Significant budget changes for the four venues appears in the following sections

PERFORMANCE MEASURES

Estimated economic impact in metropolitan region (millions).

	09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
OCC	**$485.0**	**$449.6**	$515.0	*$475.0*	*$450.0*	*$475.0*	*$525.0*
OR Zoo	**$72.0**	**$72.0**	$75.0	*$79.0*	*$83.0*	*$87.0*	*$91.0*
PCPA	**$58.0**	**$60.0**	$65.0	*$60.0*	*$62.0*	*$64.0*	*$65.0*
Expo	**$35.4**	**$34.1**	$33.5	*$34.2*	*$35.2*	*$36.6*	*$38.4*

PROGRESS ON FY 2011-12 KEY OBJECTIVES

- Continue development and implementation of critical financial and administrative management policies, procedures and processes resulting from the MERC/Metro Business Practices Study.

  Policies and processes in the following areas were streamlined and enhanced to better serve the venues and needs of the agency: information services, human resources, accounting and procurement.

- Emphasize training and business process improvement, especially for users of EBMS.

  Training is ongoing primarily at OCC.

- Develop performance standards based on industry benchmarks. *Ongoing*.

  Complete First Opportunity Target Area (FOTA) assessment and present policy recommendations to Council and Commission.

  In collaboration with the Data Research Center, assessment data is being cross-referenced to 2010 Census and other information; full report expected in summer 2012.

- Conduct needs/strengths assessment of venue communications, marketing, web/social media and public relations functions; implement visitor venue marketing and communications plan; identify functional teams and prepare recommendations for FY 2012-13 resource reallocation.

This project has been slowed due to strategic shifting of resources to support major projects. Work will continue into FY 2012-13.

- Develop strategic business plan in coordination with MERC Commission.

  Objective placed on hold until two venue management vacancies are filled.

- Complete master planning for Oregon Zoo bond projects and oversee land use approvals.

  Master planning process for bond-funded projects completed fall 2011; project scopes refined, timelines sequenced and cost estimates developed.

- Examine the financial operating model for Expo Center and the Oregon Convention Center with an eye to the long-term financial sustainability of the current business models (with or without a convention center hotel).

  Delayed until new Executive Director hire is appointed.

- Integrate a long-term solution to the budget gap created by the reduction in transient lodging taxes received by PCPA.

  It has been generally agreed that when lodging tax drops PCPA should be allowed to be quickly restored to the original base of $1.2 million.

- Continue the zoo's successful conservation and education programs and efforts, including leveraging other Metro resources and activities.

  In early summer 2012 conservation education resources from the Sustainability Center will begin consolidation with zoo resources in an effort to streamline and expand regional collaboration.

- Engage the City of Portland, neighboring zoo institutions and other stakeholders in land-use discussions and processes for the zoo campus. The land-use review must be finalized prior to completing the majority of bond funded capital improvements.

  The City of Portland, neighboring attractions and other stakeholders have been engaged in land-use discussions; the application for the conditional use amendment for the elephant and condor habitat has been approved.

- Develop a comprehensive capital master plan for the zoo bond program including refined project scopes, sequencing, and budget estimates, as well as sustainability initiatives and infrastructure improvements.

  The Metro Council approved the zoo's 20-year comprehensive capital master plan in November 2011.

- Install a new Point-of-Sale (POS) system for food services at the zoo.

  It was determined that the zoo should keep Micros as the point-of-sale system, so an updated version of the software was installed.

KEY OBJECTIVES FOR FY 2012-13

- Develop, train and support staff at Expo with a renewed focus on enhancing revenues, fiscal responsibility, community engagement and outstanding customer service.
- Complete an OCC visioning process to inform planning for 10-year master plan to sequence major facility renovations.
- Work with stakeholders to identify long term financial stability for PCPA.

- Combine the education staff from the Sustainability Center with the zoo education staff to expand their regional collaboration and the ability to develop their community service/outreach and youth programming.
- Complete the design of the Elephant, Condor and Site Infrastructure funded by the Zoo Infrastructure bond.

Summary of the Oregon Convention Center

	Audited FY 2009-10	Audited FY 2010-11	Adopted FY 2011-12	Amended FY 2011-12	Proposed FY 2012-13	Approved FY 2012-13	Adopted FY 2012-13	% Change from Amended FY 2011-12
BUDGET BY CLASSIFICATION								
Personnel Services	$8,422,408	$8,768,638	$9,184,586	$9,184,586	$9,224,471	$9,224,471	$9,224,471	0.43%
Materials and Services	13,853,656	14,998,774	13,263,063	15,459,643	17,349,252	17,349,252	17,351,832	12.22%
Capital Outlay	1,153,733	2,625,972	2,089,366	2,089,366	1,385,000	1,385,000	2,152,577	(33.71%)
TOTAL	**$23,566,159**	**$26,393,384**	**$24,537,015**	**$26,733,595**	**$27,958,723**	**$27,958,723**	**$28,728,880**	**4.58%**
BUDGET BY FUND								
MERC Fund	23,566,159	26,393,384	24,537,015	26,733,595	27,958,723	27,958,723	28,728,880	4.58%
TOTAL	**$23,566,159**	**$26,393,384**	**$24,537,015**	**$26,733,595**	**$27,958,723**	**$27,958,723**	**$28,728,880**	**4.58%**
FULL-TIME EQUIVALENTS (FTE)	112.30	110.30	110.30	110.30	110.30	110.30	110.30	0.00%
FTE CHANGE FROM FY 2011-12 AMENDED BUDGET								0.00

Oregon Convention Center

The Oregon Convention Center (OCC) is among the largest convention facilities in the Pacific Northwest and serves as a significant economic activity generator for the region and state by attracting out-of-town visitors to national conventions, tradeshows and meetings and local residents to special events.

MAJOR PROGRAMS

Conventions, Trade and Consumer Shows – The Oregon Convention Center hosts on average half a million visitors each year who attend international, national and regional conferences, meetings and events. OCC events induce direct and indirect spending in local businesses that create and support living wage jobs and generate tax revenues for state and local governments.

BUDGET ENVIRONMENT

The Oregon Convention Center has maintained a solid book of business throughout the economic recession despite the reduction in convention and travel spending by corporations and organizations by offering innovative services and amenities to clients. Strategies include the creation of the Center Plaza, rebranding of ARAMARK food and beverage services to pacific**wild** catering, and continuing to lead in sustainability efforts through energy efficient building operations and partnerships with Portland Roasting Coffee.

Current bookings for national conventions in FY 2012-13 are down by 25 percent as a direct result of the 2008 downturn when this business was booked. The OCC's national marketing and sales partner, Travel Portland, also reports that national meeting clients continue to choose cities that can guarantee dedicated blocks of hotel rooms nearby the convention centers, which Portland cannot at this time. As Metro proceeds with efforts to enhance the center's marketability through the development of nearby hotel room blocks, the OCC will continue to offer unique services to its clients that other centers cannot, including enhanced technical capacity to serve the hi-tech industry, and focus on internal strategies, such as the sales incentive program, to boost revenues and generate new leads.

SIGNIFICANT CHANGES FOR THE BUDGET

FTE	$	Description
	$75,000	Increase costs associated with maintaining LEED certification, a sales tool in pursuing "green meetings" and vital in telling the OCC/Metro/Portland sustainability story
	$2,200,000	Pay one-time assessment for Eastside Streetcar; initially paid from loan from the General Fund to be repaid in 10 annual installments. Repayment is anticipated from the Visitors Development Trust Fund for the $231,000 annual debt service
	$518,633	Enhance marketing funded by General Fund Metropolitan Tourism Opportunity Competitiveness ; advance work in researching options to satisfy a 500 hotel room block for conventions
	$875,451	Add VDF resources available from the bond refinancing of visitor facilities by City of Portland; subject to approved spending plan
	$3,669,084	**TOTAL**

PERFORMANCE MEASURES

National Conventions

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
44	**44**	42	*32*	*33*	*42*	*44*

(Note: 2015 and beyond is back on pace)

Food and Beverage Margin

09/10	10/11	11/12	12/13	13/14	14/15	15/16
16.1%	**17.5%**	18.8%	*16.5%*	*16.0%*	*18.0%*	*18.5%*

Ratio Operating Revenue to Expenditures

09/10	10/11	11/12	12/13	13/14	14/15	15/16
85.9%	**92.5%**	81.7%	*80.1%*	*80.0%*	*82.0%.*	*87.0%*

PROGRESS ON FY 2011-12 KEY OBJECTIVES

- Achieved a recycling diversion rate of 70 percent for FY 2011-12.
- Improved OCC's food and beverage capacity for all functions by adding three Rational ovens, extending the grill hood, building a blast chiller and walk-in cooler, installing a new industrial dishwasher/scrapper table with a water recycling strainer unit to reduce food particles in the waste stream.
- Completed construction and opened the Hoyt Street Café on the Metro Plaza through pacific**wild** catering. Pacific**wild** catering has helped engage disadvantaged people who want to be in the food and beverage business. One of the original employees was referred by "Outside In," started as a cashier and is now training to work in the kitchen.
- Made progress on commissioning OCC systems for LEED certification and for effecient operations according to system specifications to save money and energy. We have completed three out of five phases of the retro-commissioning project; reviewed all building control systems checking all VAV units (air handler operation and calibration), made adjustments on the hot water system to reduce usage while increasing efficiency and prepared a list of potential improvements for all control systems including estimates and potential funding sources such as Energy Trust of Oregon.
- Completed the construction of the Convention Center Plaza across from OCC on Martin Luther King Jr. Blvd. in 2011 with the first official event use by the Portland Auto Show.

KEY OBJECTIVES FOR FY 2012-13

- Increase recycling diversion rate with a goal of 72 percent for FY 2012-13.
- Implement front of house composting facility wide by June 2013.
- Obtain LEED re-certification at the next level: gold.
- Complete an in depth concessions review through pacific**wild** catering to include new concession food concepts, cosmetic upgrades, new food marketing techniques and internal marketing including the OCC Meridian App for couponing.
- Roll out a complimentary Wi-Fi zone in selected public areas of the center to meet client demand while offsetting cost through new rate structures.
- Complete the first OCC Summer Concert program on the new Plaza with a series of eight free concerts beginning in July 2012, offsetting cost with a $24,100 sponsorship goal.
- Complete an OCC "big vision" 10 year master plan with regard to sequencing major venue renovations.

Summary of Portland Center for the Performing Arts

	Audited FY 2009-10	Audited FY 2010-11	Adopted FY 2011-12	Amended FY 2011-12	Proposed FY 2012-13	Approved FY 2012-13	Adopted FY 2012-13	% Change from Amended FY 2011-12
BUDGET BY CLASSIFICATION								
Personnel Services	$5,096,747	$5,189,316	$5,634,176	$5,634,176	$5,582,207	$5,582,207	$5,582,207	(0.92%)
Materials and Services	4,096,194	3,354,848	3,885,706	4,145,177	3,547,046	3,547,046	3,582,046	(14.43%)
Capital Outlay	273,303	930,503	575,000	575,000	570,000	570,000	570,000	(0.87%)
TOTAL	**$9,466,244**	**$9,474,667**	**$10,094,882**	**$10,354,353**	**$9,699,253**	**$9,699,253**	**$9,734,253**	**(6.33%)**
BUDGET BY FUND								
MERC Fund	9,466,244	9,474,667	10,094,882	10,354,353	9,699,253	9,699,253	9,734,253	(6.33%)
TOTAL	**$9,466,244**	**$9,474,667**	**$10,094,882**	**$10,354,353**	**$9,699,253**	**$9,699,253**	**$9,734,253**	**(6.33%)**
FULL-TIME EQUIVALENTS (FTE)	46.40	46.40	47.40	47.40	46.40	46.40	46.40	(2.11%)
FTE CHANGE FROM FY 2011-12 AMENDED BUDGET								(1.00)

Portland Center for the Performing Arts

Portland Center for the Performing Arts (PCPA) provides superior, responsibly managed performance spaces that foster an environment in which diverse performing arts, events and audiences flourish.

MAJOR PROGRAMS

Performing Arts, Arts and Culture – Portland Center for the Performing Arts is the hub of downtown Portland's thriving Broadway Cultural District. The center draws roughly one million visitors each year to enjoy world class performance arts and entertainment, contributing to a vibrant and culturally rich region.

BUDGET ENVIRONMENT

Despite the recent rebound in transient lodging tax (TLT) revenues and the restoration of PCPA's allocation to $1.2 million in FY 2010-11, PCPA still faces a funding gap as expenses continue to outpace revenues. The organization's mission to support local resident arts groups by providing discounted rental rates of performance spaces is becoming increasingly more difficult to achieve. Buildings that now range from 25-100 years in age are creating renewal and replacement demands that PCPA at its current funding levels will not be able to sustain long term. Discussions on how to resolve this will need to take place in FY 2012-13. PCPA will have 10 weeks of Broadway in FY 2012-13 with slightly better than average product, though no blockbuster as was the case in the previous season. A new ticketing system will be implemented in July and may provide revenue opportunities that PCPA has not had available previously.

SIGNIFICANT CHANGES FOR THE BUDGET

FTE	$	Description
(1.0)	($61,000)	Eliminate Administrative Assistant position, reorganizing work between two departments for efficiency
	(39,081)	Reduce electrician hours (equivalent of .5 FTE)
(1.0)	**($100,081)**	**TOTAL**

PERFORMANCE MEASURES

PCPA total weeks of Broadway.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
9	**13**	12.5	*10*	*9*	*10*	*10*

(Note: 2015 and beyond is back on pace)

Food and Beverage Margin

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
14.0%	**10.9%**	24.0%	*14.7%*	*12.4%*	*14.0%*	*14.0%*

Ratio Operating Revenue to Expenditures

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
86.8%	**88.9%**	91.8%	*88.2%*	*90.0%*	*90.0%.*	*90.0%*

PROGRESS ON FY 2011-12 KEY OBJECTIVES

- Completed building maintenance repair project to preserve the exterior on the Arlene Schnitzer Concert Hall.
- Made progress in stablizing transient lodging tax formula. An agreement among governmental partners now allows PCPA to be restored to its base of $1.2 million as TLT rises but only by CPI from there. Discussions are underway with key stakeholders regarding long term sustainable funding for PCPA.

- Put on hold the Schnitzer/Main Street project due to the economy in the region.
- Undertook re-branding exercise for PCPA via logo and website redesign, and possible launch of a membership program is underway. This initiative will elevate the PCPA brand so it can be leveraged for naming, sponsorship and other fundraising campaigns.

KEY OBJECTIVES FOR FY 2012-13

- Work with stakeholders to identify long term financial stability for PCPA.
- Maximize new ticketing system to increase ticketing revenues.
- Complete and implement new brand identity and website.
- Work with PCPA Foundation on clarity of mission to raise capital funds for facility projects.

Summary of the Portland Metropolitan Exposition Center

	Audited FY 2009-10	Audited FY 2010-11	Adopted FY 2011-12	Amended FY 2011-12	Proposed FY 2012-13	Approved FY 2012-13	Adopted FY 2012-13	% Change from Amended FY 2011-12
BUDGET BY CLASSIFICATION								
Personnel Services	$1,373,102	$1,388,413	$1,535,806	$1,535,806	$1,605,485	$1,605,485	$1,605,485	4.54%
Materials and Services	2,346,555	2,552,818	2,753,241	3,524,669	2,751,479	2,751,479	2,847,971	(21.94%)
Capital Outlay	145,933	450,004	300,000	350,000	505,000	505,000	574,500	44.29%
Debt Service	1,188,631	1,189,131	1,188,632	1,188,632	1,187,132	1,187,132	1,187,132	(0.13%)
TOTAL	**$5,054,221**	**$5,580,366**	**$5,777,679**	**$6,599,107**	**$6,049,096**	**$6,049,096**	**$6,215,088**	**(8.33%)**
BUDGET BY FUND								
General Revenue Bond Fund	1,188,631	1,189,131	1,188,632	1,188,632	1,187,132	1,187,132	1,187,132	(0.13%)
MERC Fund	3,865,590	4,391,235	4,589,047	5,410,475	4,861,964	4,861,964	5,027,956	(10.14%)
TOTAL	**$5,054,221**	**$5,580,366**	**$5,777,679**	**$6,599,107**	**$6,049,096**	**$6,049,096**	**$6,215,088**	**(8.33%)**
FULL-TIME EQUIVALENTS (FTE)	13.30	13.30	13.30	13.30	13.30	13.30	13.30	0.00%
FTE CHANGE FROM FY 2011-12 AMENDED BUDGET								0.00

Portland Metropolitan Exposition Center

The Portland Metropolitan Exposition Center (Expo) is a multi-purpose exhibition facility comprising meeting rooms, exhibit halls, lobby and outdoor space and a full-service restaurant. Considered the region's primary destination for consumer public shows, tradeshows and special feature events, Expo hosts on average half a million visitors each year.

MAJOR PROGRAMS

Conventions, Trade and Consumer Shows – Expo attracts regional visitors to diverse events that contribute to the livability of this region by inducing direct and indirect spending in local businesses that create and support living wage jobs and generating tax revenues for state and local governments.

BUDGET ENVIRONMENT

The number and length of consumer and tradeshows is slowly increasing after reductions in recent years as a result of the economic downturn. A strategic focus on diversifying Expo's events and client base has helped maintain operating revenues and generate new clients that will draw new customers to the facility, including *Cirque du Soleil*. Implementation of an enhanced marketing and communications plan yielded an updated brand and revitalized website, and the proposed adjustment of staff resource allocation is intended to position the facility to make steady progress towards long-term financial stability.

SIGNIFICANT CHANGES FOR THE BUDGET

FTE	$	Description
	$75,000	Complete structural and geotechnical assessment of Halls A,B and C
	$270,000	Fund a portion of Expo renewal and replacement projects from the MERC Pooled TLT Capital account
	$345,000	**TOTAL**

PERFORMANCE MEASURES

Number of Events.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
99	**93**	100	*104*	*109*	*112*	*115*

Food and Beverage Margin.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
20.1%	**11.4%**	27.3%	*19.3%*	*20.0%*	*20.0%*	*20.0%*

Ratio Operating Revenue to Expenditures.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
136.59%	**128.48%**	137.95%	*133.19%*	*136.0%*	*136.0%*	*136.0%*

PROGRESS ON FY 2011-12 KEY OBJECTIVES

- Continued participation in the Columbia River Crossing (CRC) planning project in partnership with Metro staff. Ongoing engagement with CRC staff resulted in a the successful negotiation of an access permit for survey and evaluation. Future meetings and discussions are expected to continue throughout the project's completion.
- Completed roll-out of the Expo marketing and communication plan developed by Gard Communications; plan implementation is underway. Expo's new website and brand was launched mid-year.

- Purchased first phase of multi-year bleachers replacement project. Parking lot asphalt work in Upper Parking Lot Four was completed. Hall E tilt panel repairs is scheduled in spring 2012.

KEY OBJECTIVES FOR FY 2012-13

- Continue implementation of Expo Marketing and Communications plan, including further targeted enhancements to the *www.expocenter.org* website, and extend effort on brand identity efforts both on-site and throughout our community.
- Develop an active and supportive Expo Advisory Board formed from a diverse group of community partners to review, recommend and assist in the continued growth and support of the events and overall activities of Expo.
- Organize and implement a thorough review of Expo's exhibit halls A, B and C. Beginning with structural and geotechnical engineer analysis, a complete review of the existing economic and fiscal business model as it relates to those halls, and impacts of this information on the Expo Center's current Master Plan.
- Continue engagement by Expo and Metro staff with the Columbia River Crossing project to include review of immediate and future impacts to Expo's current business model.
- Develop, train and support staff at Expo focused on enhancing revenues, fiscal responsibility, community engagement and outstanding customer service.
- Complete capital projects and equipment purchases detailed in the FY 2012-13 budget. Include related marketing initiatives such as the new Expo sign tower painting, electronic reader board installation and Hall E coffee cart development.

Summary of the Oregon Zoo

	Audited FY 2009-10	Audited FY 2010-11	Adopted FY 2011-12	Amended FY 2011-12	Proposed FY 2012-13	Approved FY 2012-13	Adopted FY 2012-13	% Change from Amended FY 2011-12
BUDGET BY CLASSIFICATION								
Personnel Services	$15,912,874	$16,104,317	$17,976,726	$18,019,069	$19,222,356	$19,222,356	$19,222,356	6.68%
Materials and Services	9,380,297	9,814,078	11,507,944	11,481,390	12,250,580	12,250,580	12,250,580	6.70%
Capital Outlay	4,196,226	8,765,837	8,653,690	8,948,690	20,575,120	20,575,120	20,852,845	129.92%
Debt Service	403,820	404,670	404,408	404,408	403,320	403,320	403,320	(0.27%)
TOTAL	**$29,893,217**	**$35,088,902**	**$38,542,768**	**$38,853,557**	**$52,451,376**	**$52,451,376**	**$52,729,101**	**35.00%**
BUDGET BY FUND								
General Fund	$24,694,668	$25,125,391	$28,526,231	$28,541,635	$30,862,025	$30,862,025	$30,862,025	8.13%
General Asset Management Fund	3,315,228	840,091	2,334,793	2,846,614	1,660,029	1,660,029	1,937,754	(41.68%)
General Revenue Bond Fund	403,820	404,670	621,229	404,408	403,320	403,320	403,320	(0.27%)
Oregon Zoo Infrastructure & Animal We	1,479,501	8,718,750	7,060,515	7,060,900	19,526,002	19,526,002	19,526,002	176.54%
TOTAL	**$29,893,217**	**$35,088,902**	**$38,542,768**	**$38,853,557**	**$52,451,376**	**$52,451,376**	**$52,729,101**	**35.00%**
FULL-TIME EQUIVALENTS (FTE)	157.98	155.98	158.81	159.31	167.95	167.95	167.95	5.42%
FTE CHANGE FROM FY 2011-12 AMENDED BUDGET								8.64

Oregon Zoo

The Oregon Zoo is the state's most popular paid attraction whose mission is to inspire visitors to learn about endangered species protection and take action toward native habitat restoration.

MAJOR PROGRAMS

The Oregon Zoo activity is budgeted in three funds: the General Fund, the General Asset Management Fund and the Oregon Zoo Infrastructure and Animal Welfare Fund. It is organized into divisions, including Living Collections, Environmental Education, Guest Services, Facilities Management, Marketing, Administration and bond program.

Environmental Education: This program is made up of zoo education, volunteer services and youth core, as well as ongoing integration of the sustainability conservation education division. The education aspect of this program provides learning opportunities to people of all ages and cultures. The zoo develops leaders and community relationships, encourages growth and inspires change through vital and dynamic volunteer opportunities and models behavior on sustainable living by our actions and examples of how we operate our facilities. Zoo and sustainability education programs increase the public's understanding of environmental issues, the need for direct action related to clean air and water, the management of resources for future generations and improving access to nature. The zoo is embarking on an exciting new initiative with the integration of the sustainability education group. The two groups together will provide a regional perspective and reach to environmental and conservation education that leverages the strengths of the partnership to create the future generation of environmental stewards.

Conservation and Research: This program comprises animal welfare research scientists and species recovery specialists. The conservation aspect of this program identifies and implements *in situ* and *ex situ* wildlife conservation through direct fieldwork, research, improved animal husbandry techniques and captive propagation. Research is an important aspect of this program that continues the zoo's leadership in animal welfare science and innovation. In addition to cooperating with the Association of Zoos & Aquariums and the Northwest Zoo & Aquarium Alliance, the zoo participates in species survival plans and partners with several other conservation groups to conserve endangered and threatened species in our care and in nature.

Zoo Visitor Experience: This program represents the primary activities that affect guests during their visit to the zoo campus. Supporting the zoo's mission statement, the zoo provides guests the opportunity for observation, discovery and engagement of animals in naturalistic environments. To meet guest expectations, provide positive experiences and to generate enterprise revenues, the zoo provides many services and activities, such as admissions, food services, campus security, facility management, public events, catering venues, marketing and the zoo railway. The zoo also provides world class animal care for its collection of more than 2,000 animals that guests interact with on their visit.

The Oregon Zoo Infrastructure and Animal Welfare (A Better Zoo): This program represents the capital planning and construction activities funded by the November 2008 general obligation bond authority. Current and future projects include an Elephant Habitat and Related Infrastructure, Remote Elephant Facility, Conservation Discovery Zone, Polar Bear, Primate, Rhino and Condor projects and sustainability initiatives.

BUDGET ENVIRONMENT

Revenues are based on attendance of 1,610,000, which is an increase of 10,000 from the FY 2011-12 budget. The increase in attendance is based on a strong concert season with 16 premium concerts; the addition of four Sunset at the Zoo events; an evening Halloween event; and upgrades to catering, upgrades to restaurants and the addition of a new food cart. In addition, the General Fund revenue drivers include an admission price increase of $1.00 in January 2013. A revenue challenge will be managing the impacts to visitors due to the beginning stages of construction of the elephant exhibit, which will require that the train be out of commission a portion of the year. Plans are being made for construction related displays and exhibits to involve guests in the excitement of the new exhibits to offset the potential impacts from construction.

The Sustainable Metro Initiative in 2008 identified the need to consolidate all conservation education at Metro. The overall vision is to create a region-wide program that creates environmental stewardship in our community through classes, camps, school curriculum and youth leadership programming. The budget includes the consolidation of the human and financial resources of education staff from both the Sustainability Center and the Oregon Zoo, including an increase of 6.3 FTE and a combined increase in expenditures of $1.75 million. Staff will eventually report to the zoo management team, dovetailing with the creation of the new Conservation Education facility.

Zoo bond funded projects are underway and include the completion of the design of the elephant exhibit, condor exhibit and infrastructure improvements. Construction will begin on the access road around the campus and the adjustments to the train roundhouse and tracks to prepare the site for the construction of the elephant exhibit. A new Wildlife Live facility that houses the show's animals will also be constructed as part of this work.

SIGNIFICANT CHANGES FOR THE BUDGET

FTE	$	Description
6.3	$390,052 GF $1,376,246 SW	Transfer 3.8 General Fund Conservation Education staff and 2.5 Solid Waste Reduction staff, with accompanying materials and services, to Oregon Zoo to consolidate Conservation and Environmental Education. One Manager position will be eliminated in December.
2.0	$150,658	Establish 2 animal keeper positions to provide continuous, safer and better care for the animals; reduces temporary services as offset
	$200,000	Increase transfer to reserves for small capital projects from unanticipated fund balance
0.34	$17,277	Increase two part-time positions to full time and decreases two other positions to meet operating requirements with small net increase
8.64	**$1,983,575**	**TOTAL Expenditure**
	374,820	Increase Admissions revenue based on 1.61 million attendance and price increase effective January 2013
	256,585	Increase food and beverage revenue based on per capita spending
	($321,300)	Decrease special exhibit revenue; no large temporary exhibit planned for FY 2012-13
	($230,670)	Decrease train revenue due to construction, although Zoolights rates are increased
	$79,435	**TOTAL Enterprise Revenue**

PERFORMANCE MEASURES

Conservation Education Program

Percentage of conservation education program participants who report their zoo visit taught them one or more personal actions to create a better future for wildlife.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
n/a	**>75%**	>80%	*>80%*	*>85%*	*>85%*	*>85%*

Total conservation education program attendance (thousands).

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
917	**900**	900	*900*	*900*	*900*	*900*

Percentage of conservation program stakeholders and partners who strongly or somewhat strongly agree with the statement, "The zoo is effective at leading and convening stakeholders around regional conservation initiatives."

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
25%	**40%**	60%	*80%*	*85%*	*85%*	*85%*

Zoo Visitor Experience Program

Visitors continue to believe the zoo has an important role in inspiring the community to create a better future for wildlife on a four-point scale where "4" is "strongly agree."

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
3.8	**3.8**	3.8	*3.8*	*3.8*	*3.8*	*3.8*

Enterprise Revenue: Comparison of current achievement to the adopted budget. Admissions, food service and catering, retail, classes and camps, train and special exhibits.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
87%	**95%**	100%	*100%*	*100%*	*100%*	*100%*

Percentage of zoo guests who rate their zoo experience as very or somewhat enjoyable and worthwhile.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
>96%	**>90%**	>90%	*>90%*	*>90%*	*>90%*	*>90%*

PROGRESS ON FY 2011-12 KEY OBJECTIVES

- Installed a new version of the Micros point-of-sale system.
- Staged successful temporary dinosaur exhibit with gross revenues of more than $385,000.
- Progressed on consolidating the Conservation and Environmental Education group from Metro's Sustainability Center and combining their efforts with the zoo education programs in order to expand regional collaboration.
- Completed Master Planning process for the bond funded projects, including refining project scopes, sequencing and budget estimates.
- Secured Council approval in November 2011 of the zoo's 20-Year Comprehensive Capital Master Plan, including refining project scopes, sequencing, budget estimates, as well as sustainability initiatives and infrastructure improvements.
- Engaged the City of Portland, neighboring zoo institutions and other stakeholders in land-use discussions in preparation for the land-use review. The application for the conditional use amendment for the elephant and condor habitat has been approved.

- Completed application for the new Conditional Use Master Plan permit for the remaining bond projects and overall master plan improvements.
- Completed the Veterinary Medical Center and Penguin Life Support Systems funded from the Oregon Zoo Infrastructure and Animal Welfare Bond proceeds.

KEY OBJECTIVES FOR FY 2012-13

- Combine the education staff from the Sustainability Center with zoo education staff to expand their regional collaboration and the ability to develop their community service/outreach and youth programming.
- Complete the capital renovations and repairs to the Cascade Aviary Mesh and the Africa Lagoon projects funded by The Oregon Zoo Foundation's "Don't Miss the Flight" campaign.
- Complete the design of the Elephant, Condor and Site Infrastructure funded by the Oregon Zoo Infrastructure and Animal Welfare Bond.
- Begin construction on the new access road around the campus and the adjustments to the train roundhouse and tracks.
- Enhance member and visitor experience options by the addition of Sunset at the Zoo evening events and a Halloween evening event.
- Focus on updating food options including updates to restaurants, improved concessions stand offerings and focus on expanding catering.
- Integrate successfully the Gateway ticketing system with The Oregon Zoo Foundation's Raiser's Edge membership software to provide better service to members.

Communications

Communications

FY 2011-12 — **22.00 FTE**
FY 2012-13 — **22.00 FTE**

- **Public Engagement**
  - Office of Citizen Involvement
- **Customer Communications**
- **Employee Communications**
- **Media and Design**
  - Metro News
  - Public Website
  - Design services and resources

Summary of Communications

	Audited FY 2009-10	Audited FY 2010-11	Adopted FY 2011-12	Amended FY 2011-12	Proposed FY 2012-13	Approved FY 2012-13	Adopted FY 2012-13	% Change from Amended FY 2011-12
BUDGET BY CLASSIFICATION								
Personnel Services	$2,011,809	$2,256,391	$2,248,516	$2,353,883	$2,340,085	$2,340,085	$2,340,085	(0.59%)
Materials and Services	168,283	112,056	144,319	159,319	246,500	246,500	261,500	64.14%
TOTAL	**$2,180,092**	**$2,368,447**	**$2,392,835**	**$2,513,202**	**$2,586,585**	**$2,586,585**	**$2,601,585**	**3.52%**
BUDGET BY FUND								
General Fund	$2,180,092	$2,368,447	$2,392,835	$2,513,202	$2,586,585	$2,586,585	$2,601,585	3.52%
TOTAL	**$2,180,092**	**$2,368,447**	**$2,392,835**	**$2,513,202**	**$2,586,585**	**$2,586,585**	**$2,601,585**	**3.52%**
FULL-TIME EQUIVALENTS (FTE)	21.00	22.00	21.00	22.00	22.00	22.00	22.00	0.00%
FTE CHANGE FROM FY 2011-12 AMENDED BUDGET								0.00

Communications

Metro's Communications department serves as a liaison between the public and Metro's departments, elected officials and stakeholders. Communications' writers, designers, community relations professionals and public engagement experts help tell the stories of Metro's partnerships, programs and policies, while making it easier for a politically and culturally diverse constituency to express its desires and expectations.

Communications' staff includes professionals in media relations, public involvement, journalism, marketing, graphic and web design, event planning, issue management, stakeholder analysis and advocacy. Its integrated communication plans and web strategies help make the most of existing resources, and its staff continues to adjust to the rapid changes in the public's communications habits and preferences.

Using innovative methods, such as Opt In, a regional public engagement tool, and Metro News, a candid look at regional policymaking, Communications helps the public understand and respond to Metro's portfolio of projects, fulfilling its ultimate goal of building trust with the voters and residents of the region.

MAJOR PROGRAMS

Public engagement/Office of Citizen Involvement– This team connects community leaders and the public with the Council on regional issues through innovative engagement tools such as an online opinion panel, community events, media outreach, publications and web sites. The program builds relationships with local and regional decision makers and ensures outreach to a diverse representation of the region's residents to uphold Metro's principles of public involvement. The work supports the Community Investment Strategy, transportation corridor planning, climate change scenarios project, park and trail planning, the Regional Transportation Plan, MTIP and regional flexible fund allocation, urban growth management decisions, active transportation, the Oregon Zoo Master Plan, the Solid Waste Road Map and other Council policy work.

Customer and community relations – This section is responsible for providing marketing and community relations support to a variety of Metro programs, services and facilities, including: parks; transfer stations; household hazardous waste collection programs; RID patrol; Natural Areas acquisition, restoration, volunteer and grants programs; and the Community Enhancement grants program. This work group also supports public education campaigns aimed at waste reduction, natural gardening, toxics reduction, MetroPaint, recycling and environmental education and regional travel options and it partners with venues communications staff on cross-marketing and other opportunities.

Employee communications – This section, which is in the COO's office but has a dotted line relationship to Communications, is responsible for workforce communications regarding management practices and policies, organizational changes and improvement initiatives, human resources, employee benefits, information services, contact and mailing management and other internal agency matters.

Media and design – The team provides editorial, web and design services for Metro, including the website, reports, displays, signs and other communication products. It is also the home of Metro News, which informs readers of regional decisions in an honest, transparent manner; Metro's social media, including Twitter and Facebook; and interactive products.

BUDGET ENVIRONMENT

The continued decline of traditional news media, particularly print, is forcing a reexamination of communications and public involvement best practices. Communications will continue to develop Metro News to provide public information on key policy initiatives.

The number and scope of Metro projects that require direct involvement with local elected officials and stakeholders create coordination and communication challenges. Staff is leading the effort to coordinate Metro contacts with local elected officials, local government staff and key stakeholder organizations.

Effectively engaging members of low-income, minority and other underserved populations continues to be a challenge. Metro will need to invest more time and resources to succeed in this area. Federal Title VI requirements call for developing and implementing a Limited English Proficiency plan to better serve non-English speaking residents of the region. Communications will lead Diversity Action Plan efforts to better communicate with diverse audiences.

SIGNIFICANT CHANGES FOR THE BUDGET

FTE	$	Description
(1.0)	(110,000)	Eliminate limited duration position assigned to zoo bond program for public engagement related to land use
1.0	89,000	Transfer RTO grant funded position from Planning to Communications to achieve greater operational efficiency
	$130,000	Transfer communications-related direct materials and services costs for Community Investment Strategy work, previously combined and funded with Community Investment work, to reflect more transparently the difference. Includes technical platform for Opt In and outreach to diverse constituencies. This represents a reduction from $265,000 of currently authorized spending. Metro programs fielding Opt In surveys will pay the direct costs
	109,000	**TOTAL**

PERFORMANCE MEASURES

A biennial public survey in which an increasing percentage of respondents can identify Metro and one or more of its programs.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
NEW	**Will occur through Opt in**					

Percent of the region's elected officials who agree with the following: "Metro provides valuable services that have positive impacts on my constituents."

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
92%						

Percent undervote for Metro races.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
29.6%						

Percent of employees reporting in a biennial survey that they agree or strongly agree with the following: "The agency has a well formulated strategy to achieve overall goals and directions."

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
	NEW	41.7%				

Percent of website survey respondents reporting that they could easily find the information they were looking for on the Metro web site.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
	NEW	67%				

In addition to the measures above, Communications also will track a variety of other things that will help measure progress. They include the percentage of people who participate in the Opt In panel, social media fans and followers, electronic newsletter subscriptions, online content and customer satisfaction and awareness surveys (online and print).

PROGRESS ON FY 2011-12 KEY OBJECTIVES

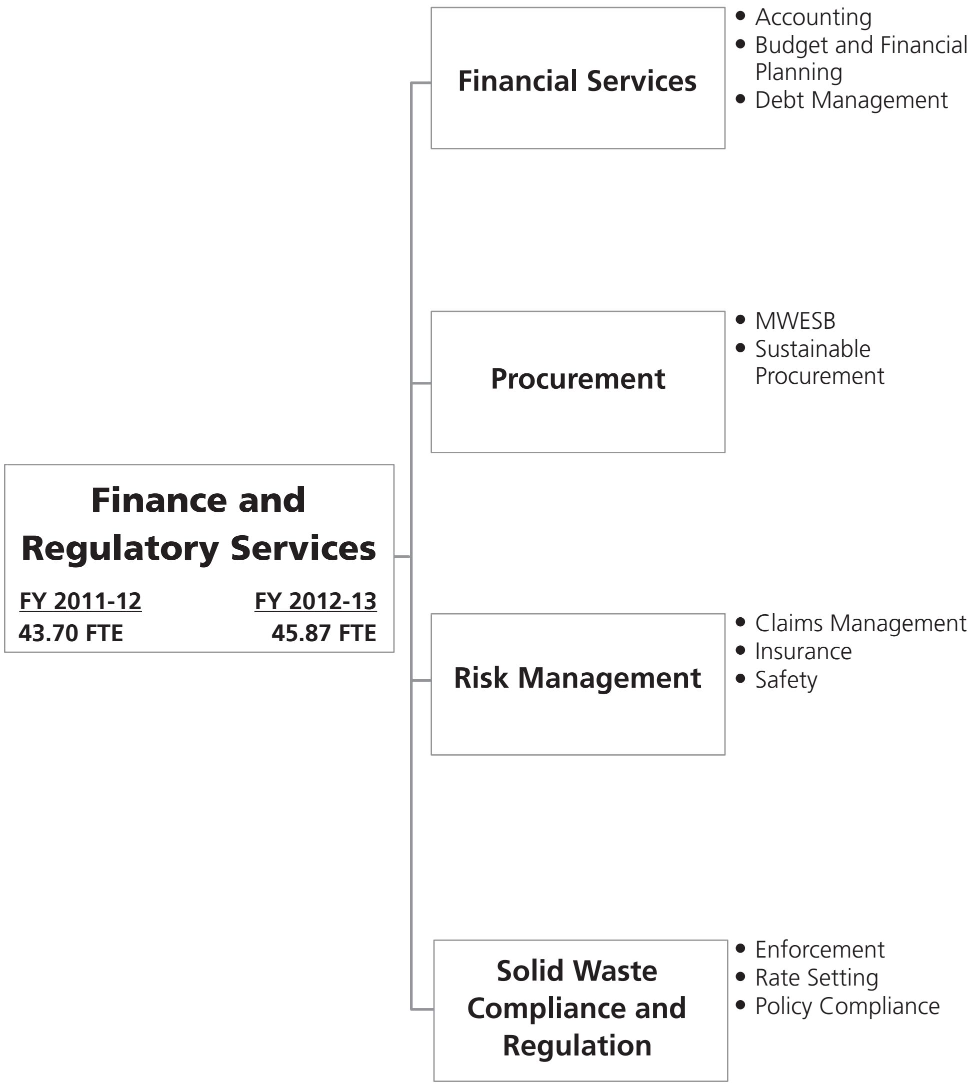
- Developed an online tool, Opt In, to increase diversity and frequency of public engagement and successfully recruited more than 11,000 panel participants from around the region.
- Supported implementation of a new Metro-wide website content management system. Developed plan and requirements for updated Metro website. Supported Expo, Oregon Zoo and PCPA website development.
- Implemented recommendations from joint communications plan for sustainable living programs.
- Developed participation in and built support for the Community Investment Strategy through engaging key stakeholders, including community and business leaders.
- Engaged decision makers in developing preferred land use and transportation scenarios that will meet state targets for reduction of greenhouse gas emissions and support community aspirations.
- Engaged successfully stakeholders in East Metro Connections Plan and Southwest Corridor Plan to identify local needs that can be supported by regional policies and investments.
- Engaged successfully partners, neighbors, stakeholders, members and the public about the zoo master plan and bond projects.
- Built relationships with community organizations that represent diverse and underserved populations.
- Implemented improved public engagement review process, replacing the former Metro Committee for Citizen Involvement.
- Conducted public outreach for voter-approved Natural Areas bond measure program to report back to the community on the land that has been protected and restored.
- Developed recommendations for streamlining marketing and community relations efforts across Metro and visitor venues.
- Developed survey method for employee communications.

KEY OBJECTIVES FOR FY 2012-13

- Continue to strengthen relationships with and engage members of historically underserved populations through Opt In outreach, Diversity Action Plan implementation strategies and public involvement best practices.
- Build support for the Community Investment Strategy through developing an integrated narrative, coordinated stakeholder outreach across Metro policies and projects, and clear opportunities for community leader and public engagement.
- Continue to implement recommendations from joint communications plan for sustainable living programs, including MetroPaint, regional travel options and resource conservation and recovery programs.

- Develop updated sign standards and coordinate sign replacement projects at Metro parks and solid waste transfer stations.
- Develop the Metro News newsfeed into the region's trusted web source for news, information and analysis of policy issues.
- Design a modern, efficient Metro website to better serve citizens of the region.
- Design an internal website to better serve employees.

Finance and Regulatory Services



Summary of Finance and Regulatory Services

	Audited FY 2009-10	Audited FY 2010-11	Adopted FY 2011-12	Amended FY 2011-12	Proposed FY 2012-13	Approved FY 2012-13	Adopted FY 2012-13	% Change from Amended FY 2011-12
BUDGET BY CLASSIFICATION								
Personnel Services	$4,050,310	$4,341,779	$4,726,213	$4,736,611	$5,022,348	$5,022,348	$5,022,348	6.03%
Materials and Services	1,168,961	1,082,666	1,254,505	1,254,505	1,341,497	1,341,497	1,341,497	6.93%
Capital Outlay	0	0	575,000	575,000	0	0	0	(100.00%)
TOTAL	**$5,219,271**	**$5,424,445**	**$6,555,718**	**$6,566,116**	**$6,363,845**	**$6,363,845**	**$6,363,845**	**(3.08%)**
BUDGET BY FUND								
General Fund	$2,907,839	$3,097,435	$3,870,708	$3,877,640	$4,218,275	$4,218,275	$4,218,275	8.78%
Risk Management Fund	255,546	264,575	0	0	0	0	0	0.00%
Solid Waste Revenue Fund	2,055,886	2,062,435	2,685,010	2,688,476	2,145,570	2,145,570	2,145,570	(20.19%)
TOTAL	**$5,219,271**	**$5,424,445**	**$6,555,718**	**$6,566,116**	**$6,363,845**	**$6,363,845**	**$6,363,845**	**(3.08%)**
FULL-TIME EQUIVALENTS (FTE)	44.70	43.70	43.70	43.70	45.87	45.87	45.87	4.97%
FTE CHANGE FROM FY 2011-12 AMENDED BUDGET								2.17

Finance and Regulatory Services

Finance and Regulatory Services (FRS) provides financial management, administrative, regulatory and operational services to Metro's elected officials, operating centers and services, employees and the public. In addition, Finance and Regulatory Services licenses small contractors, regulates private solid waste facilities and sets rates for public solid waste disposal facilities.

MAJOR PROGRAMS

Financial Services – Financial Services joins the forces of the accounting and financial planning groups to assure the highest accountability for financial and operational performance. The group is responsible for processing and reporting all financial transactions, revenue collection, budgeting, investment and debt management. Other services include the management of the Contractor's Business License program and collection of the Construction Excise Tax.

Procurement – Procurement Services oversees the contracting and purchasing activities of Metro's operating centers to assure compliance with state and federal regulations and Metro Code and to encourage a competitive process that supports openness and impartiality. Metro Code establishes policies that encourage use of minority-owned, women-owned and emerging small businesses (MWESB) by creating the maximum possible opportunity for such businesses to compete for and participate in Metro contracting activities.

Risk Management – Risk Management is responsible for Metro's workers' compensation and safety program, general liability and property claims. The Risk Management Fund is managed to meet actuarial standards, relying on both purchased insurance and self-insured risk management techniques.

Solid Waste Compliance and Regulation – As a business service, Solid Waste Policy and Compliance provides forecasting, modeling and analysis for setting rates for public solid waste disposal facilities, collecting all eligible fees and taxes from private facilities, monitoring compliance for tonnage-related limits (flow control) and auditing payments and compliance with solid waste's major operating contracts. As a regulator, Solid Waste Compliance and Cleanup works to minimize and mitigate impacts to the public and the environment from improper management of solid waste within the Metro region, first by ensuring that private solid waste facilities operating under Metro licenses, franchises and facility agreements meet regulatory, operational, environmental and financial assurance standards. Secondly the program cleans up and investigates illegal disposal sites and prosecutes persons illegally disposing waste.

BUDGET ENVIRONMENT

FRS has constructed its budget proposal based on increasing efficiency by consolidating Metro and MERC business processes and staff; two positions will be permanently eliminated during the year. Three significant automation projects will improve efficiency, information and future decision-making: the Solid Waste Information System project (SWIS) will enter its execution phase; the budget module project will be designed and tested for use in building the FY 2013-14 budget; and the Enterprise Resource Planning (ERP) project to evaluate Metro's financial systems will be underway with a goal of reducing future processing and maintenance costs.

Metro's regulatory focus on facilities involved in reloading, transferring or processing organic waste, especially residential and commercial food waste, will increase. Public concern about compost facilities centers on increased odor, nuisance, vector and stormwater runoff issues and their impact on residential neighbors. Emerging technologies such as anaerobic digestion, pyrolysis, plasma and gasification will require more oversight and technical knowledge than traditional operations. The timing of license and franchise renewals in 2012 and 2013 may not mesh entirely with Solid Waste Road Map consideration.

SIGNIFICANT CHANGES FOR THE BUDGET

FTE	$	Description
3.0	$274,000	Transfer of three positions from MERC to Finance and Regulatory Services as part of continuing consolidation of business services. Positions will become generalized with a proportionate share paid by MERC through the cost allocation plan.
(.83)	(62,673)	Eliminate .5 fte accounting technician and .33 procurement program assistant positions following retirements as a result of the consolidation of business practices. Future savings will reflect the reduction of 2.0 positions.
	$80,000	Begin Phase 1 scoping of Enterprise Resources system. Project cost will be paid by all users; General Fund share estimated at $28,000.
2.17	**$291,327**	**TOTAL**

PERFORMANCE MEASURES

Percentage of contracts and contract dollars awarded to MWESB firms.

	09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
Contract $	**16%**	**11%**	15%	*15%*	*15%*	*15%*	*15%*
Contract #	**34%**	**24%**	25%	*30%*	*35%*	*35%*	*35%*

Tons of solid waste cleaned up from illegal disposal sites each year.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
245	**274**	200	*200*	*200*	*200*	*200*

Number of illegal disposal sites with potentially hazardous waste cleaned up each year.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
114	**52**	70	*70*	*70*	*70*	*70*

Total Cost of Risk

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
.65%	.92%	<1.0%	*<1.0%*	*<1.0%*	*<1.0%*	*<1.0%*

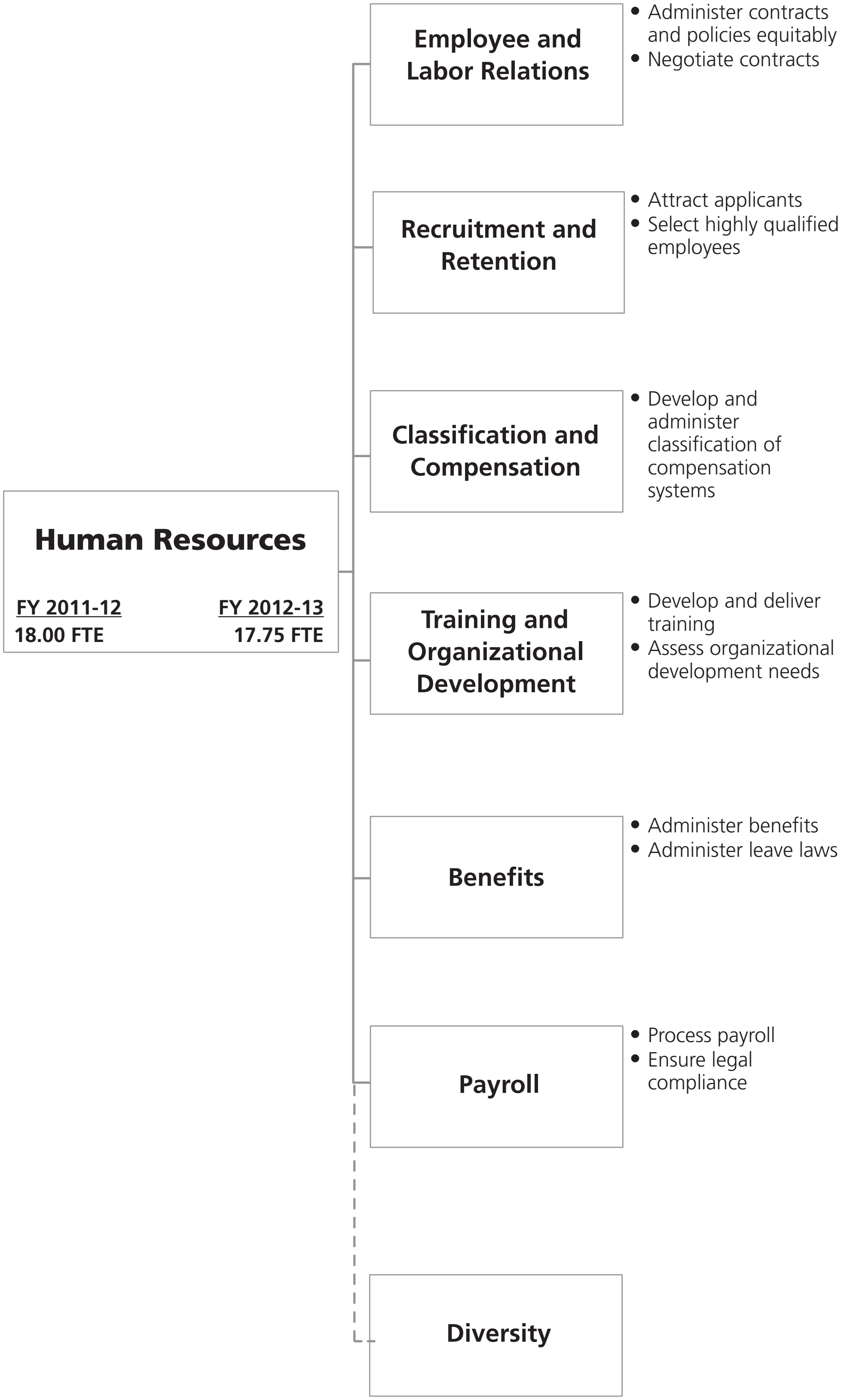
PROGRESS ON FY 2011-12 KEY OBJECTIVES

- Completed the Solid Waste Information System for implementation on July 1, 2012.
- Continued integration of the Metro and MERC accounting and procurement groups.
- Updated GASB 49 Pollution remediation estimates.
- Piloted automated Purchase Order workflow.
- Implemented single purchasing card program for Metro and MERC.
- Integrated data integration between MERC's USI system and Metro's PeopleSoft system.
- Successfully sold $140 million in authorized bonds for the Oregon Zoo and the Natural Areas.

KEY OBJECTIVES FOR FY 2012-13

- Implement and execute the Solid Waste Information System.
- Activate Purchase Order Workflow and Encumbrance systems.
- Implement GASB 60 Accounting and Financial Reporting for Service Concession Arrangements.
- Consolide banking services for Metro and MERC.
- Build FY 2013-14 budget on new system.

Human Resources



Summary of Human Resources

	Audited FY 2009-10	Audited FY 2010-11	Adopted FY 2011-12	Amended FY 2011-12	Proposed FY 2012-13	Approved FY 2012-13	Adopted FY 2012-13	% Change from Amended FY 2011-12
BUDGET BY CLASSIFICATION								
Personnel Services	$1,418,105	$1,503,316	$1,879,926	$1,776,722	$1,764,601	$1,764,601	$1,764,601	(0.68%)
Materials and Services	297,806	314,662	424,235	407,084	402,431	402,431	402,431	(1.14%)
TOTAL	**$1,715,911**	**$1,817,978**	**$2,304,161**	**$2,183,806**	**$2,167,032**	**$2,167,032**	**$2,167,032**	**(0.77%)**
BUDGET BY FUND								
General Fund	$1,715,911	$1,817,978	$2,304,161	$2,183,806	$2,167,032	$2,167,032	$2,167,032	(0.77%)
TOTAL	**$1,715,911**	**$1,817,978**	**$2,304,161**	**$2,183,806**	**$2,167,032**	**$2,167,032**	**$2,167,032**	**(0.77%)**
FULL-TIME EQUIVALENTS (FTE)	16.00	16.50	19.00	18.00	17.75	17.75	17.75	(1.39%)
FTE CHANGE FROM FY 2011-12 AMENDED BUDGET								(0.25)

Human Resources

Human Resources provides strategic leadership and serves as a business partner by educating and consulting with departments and employees to provide consistent, sustainable human resource management systems. In turn, these practices support the programs and services responsible that carry out Metro's values and the Council's six regional outcomes.

MAJOR PROGRAMS

Diversity – Staff is part of the COO's office with a programmatic relationship to HR. The staff is responsible for the development, implementation and communication of diversity programs in support of Metro's values, goals and Diversity Action Plan.

Benefits – Staff administers and monitors the following programs: Metro's health and welfare benefits, wellness, Family Medical Leave, Americans with Disabilities Act, COBRA benefits continuation and unemployment.

Classification and Compensation – Staff develops, implements and administers Metro's classification and compensation systems. Staff also maintains the Human Resources Information System and the integrity of the data base.

Employee and Labor Relations –Staff represents Council and management in labor negotiations. Staff conducts employee related training and advises managers on ways to reduce employment risk. Staff also conducts employment related investigations, provides consultation and dispute resolution services to managers and employees and acts as a liaison between labor and management.

Organization Development and Training – Staff leads and/or provides support to organization change initiatives in order to achieve business goals. Staff provides assistance in change management, team building, group facilitation, leadership and management development and staff development. Staff maintains the Metro Learning Center, the on-line learning management system. In addition they oversee New Employee Orientation and the Employee Recognition Program.

Payroll – Payroll staff processes all payroll for the organization and develops and maintains payroll policies and procedures in accordance with state and federal law. In addition staff have responsibility for the timekeeping system.

Recruitment and Retention – Recruitment and retention staff works to attract, select and retain an exceptionally competent, productive, diverse and motivated workforce. They work closely with the hiring manager and Diversity Action Team to carry out the organization's goals of retaining a diverse workforce.

BUDGET ENVIRONMENT

A continuing challenge for Human Resources is cost containment in the area of health insurance benefits. Human Resources is working actively with the benefits broker to ensure Metro is obtaining the best rates possible, collaborating with the unions to develop health care strategies and reviewing options for reducing the costs through the implementation of wellness measures. Another issue facing Human Resources is assisting the organization in establishing consistent management practices through policy and procedure development and training programs. Recruiting and retaining a highly skilled and diverse workforce also remains a primary Human Resources initiative.

SIGNIFICANT CHANGES FOR THE BUDGET

FTE	$	Description
(1.0)	($90,000)	Eliminate limited duration position updating and establishing personnel policies. Work plan was calibrated for one year.
.75	$63,000	Establish limited duration position for limited classification review of administrative positions common to Metro and venue program; position will also support diversity activities including targeted employment materials.
		Diversity Coordinator position and associated materials and services were moved in FY 2011-12 to Office of Chief Operating Officer.
(.25)	**($27,000)**	**TOTAL**

PERFORMANCE MEASURES

Human Resources staff is consistent with industry standards of FTE per employee ratio.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
1:125	**1:122**	1:119	*1:101*			

Progress made toward reaching goals as set forth in the affirmative action plan. Number of areas with goals set.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
	7 Measured every other year					

Percent of employees who agree with the following: "I am satisfied with the timeliness and quality of services provided by Human Resources?"

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
		83%	*73%**			

•Note in FY 2011-12 the survey ranking options changed to include a ranking of neutral which was not included in the 73 percent noted.

PROGRESS ON FY 2011-12 KEY OBJECTIVES

- Negotiated the AFSCME-3580, IUOE 701-1, IUOE 701 and ILWU 28 successor collective bargaining agreements.
- Continued review and implementation of cost containment measures for health insurance.
- Continued review and development of best practices for common personnel policy and procedure with MERC and Metro.
- Developed additional on line courses including: Policy Review; Accounting/ Payment Card Security; Procurement Basics; and a variety of topics for the zoo.
- Developed and/or delivered class room training including: Access 2010; Business Writing Roadmap; Clarifying performance Expectations; Concise, Relevant Writing and Editing; Correcting performance Problems; Customer Service – It's an Inside Job; Difficult Conversations; Error Free Writing; Harassment and Discrimination Awareness; Leading Others Through Change; Legal and Business processes for Managers; Meeting Management; New Employee Orientation; Perspectives – Team Skills; Presentation Skills; Uniting to Understand Racism, and Project Management.
- Developed a standardized classification specification template for integration of both MERC and Metro classifications.
- Updated and refined recruitment manual and offered training for hiring managers.
- Developed new protocol for providing HR services to the Visitor Venues.
- Implemented a Kronos leave management program.

- Worked with the JLMC- Health Benefits to develop long-term goals.
- Piloted new performance appraisal form that emphasizes the employee values and management competencies.
- Increased use of system functionality for payroll and benefits in response to audit.
- Increased outreach efforts to MERC venues such as Expo.

KEY OBJECTIVES FOR FY 2012-13

- Implement a Kronos absence management program.
- Provide diversity training and expand diversity outreach.
- Continue to merge human resource practices for MERC and Metro.
- Make improvements to employee onboarding program.
- Complete employee Sightline survey.
- Implement revised performance management system that incorporates Metro's values and management competencies.
- Develop wellness program strategic plan and produce calendar of wellness activities.
- Review the retirement savings plans.
- Evaluate the classification systems.

Information Services

Information Services

FY 2011-12	FY 2012-13
26.00 FTE	25.50 FTE

- **Administration**
- **Security**
- **Application Development and Maintenance**
  - Web program
  - Database management
  - Enterprise applications
- **Technical Services**
  - Network infrastructure
  - Help desk
  - Electronic communications
- **Records Information Management**
  - Records management
  - Retention Schedules
- **Project Management Office**
  - Project intake and prioritization

Summary of Information Services

	Audited FY 2009-10	Audited FY 2010-11	Adopted FY 2011-12	Amended FY 2011-12	Proposed FY 2012-13	Approved FY 2012-13	Adopted FY 2012-13	% Change from Amended FY 2011-12
BUDGET BY CLASSIFICATION								
Personnel Services	$2,240,925	$2,295,249	$2,715,912	$2,723,999	$2,736,393	$2,736,393	$2,736,393	0.45%
Materials and Services	570,221	692,083	937,843	937,843	909,607	909,607	909,607	(3.01%)
Capital Outlay	361,072	584,177	703,605	703,605	563,965	563,965	839,789	19.36%
TOTAL	**$3,172,218**	**$3,571,509**	**$4,357,360**	**$4,365,447**	**$4,209,965**	**$4,209,965**	**$4,485,789**	**2.76%**
BUDGET BY FUND								
General Fund	$2,780,349	$2,884,515	$3,618,387	$3,626,474	$3,640,353	$3,640,353	$3,640,353	0.38%
General Asset Management Fund	391,869	686,994	738,973	738,973	569,612	569,612	845,436	14.41%
TOTAL	**$3,172,218**	**$3,571,509**	**$4,357,360**	**$4,365,447**	**$4,209,965**	**$4,209,965**	**$4,485,789**	**2.76%**
FULL-TIME EQUIVALENTS (FTE)	24.50	23.50	26.00	26.00	25.50	25.50	25.50	(1.92%)
FTE CHANGE FROM FY 2011-12 AMENDED BUDGET								(0.50)

Information Services

Information Services provides the professional skills and tools to deliver technical and information solutions for Metro departments to achieve their business missions. The department strives for results that are optimal in functionality, cost and supportability.

MAJOR PROGRAMS

Administration and Security – The Office of the Director and the Security program are responsible for the development of data and technology-related policies for the agency and security administration of software applications. The Office of the Director is also responsible for the development of medium and long-range strategic planning in the area of information technology and provides overall policy, office and personnel management, development and implementation of the annual budget, purchasing and contract management.

Application Development and Maintenance – This program supports the development, updating and maintenance of applications used within Metro as well as specific enterprise-wide applications, including PeopleSoft HR and Finance, EBMS (the venues' event business management system), KRONOS timekeeping, Celayix time scheduling, the Gateway Zoo ticketing system, Micros Point of Sale systems, TRIM records management and web software development. The latter supports specific program needs that cannot be met through purchase of commercial web content management systems. It also provides database management for all areas of the agency, including the RLIS and GIS databases, and ensures secure backups, performance monitoring, log management and support of custom applications.

Technical Services – The Technical Services program is responsible for all systems infrastructure, operations and helpdesk services, including hardware software and communication transport necessary to maintain an efficient and effective computer network. It is also responsible for all productivity tools, including e-mail, calendaring, file services, VoIP telephony, desktop spreadsheet and word processing. Technical Services manages all of the technical infrastructure and support requirements from the desktop through the network to the application being accessed by the user.

Records Information Management (RIM) **–** The RIM program develops agency policies, procedures and practice of professional management of information. This includes management from the time records are received or created through their processing, distribution, use and placement in a storage or retrieval system and their eventual destruction or permanent retention.

Project Management Office – The Project Management Office is responsible for new project intake, scoping and resource utilization, assessing project risk and return on investment as well as continuous improvement on the process of implementing and updating technology projects. It also includes training, technical and user documentation, change orders, developing and employing project management standards and is responsible for client interface.

BUDGET ENVIRONMENT

The world of technology continues to move at a fast pace and is growing more complex. Cloud services, social media, security concerns, greater agency collaboration, consumerization of IT, increased storage and bandwidth requirements, an increase in systems and databases, expectations from the public for on-line and mobile services, a growing dependence on IS services and the volatility of the marketplace have put pressure on the department to be increasingly responsive to the business and internal services needs of the agency, without increasing cost significantly. As departments look for ways to cut costs, Information Services must be prepared to provide efficiencies and process improvements to give greater access to real-time data for better business decision-making as well as services geared towards revenue generation and cost savings. This is difficult in an environment where several years of financial challenges have required cuts in the budget. There is currently inadequate support for database management and administration of existing applications. Wherever possible, the number of systems are being reduced and consolidated, maintenance contracts are re-examined, on-line options are being explored and servers are being virtualized.

SIGNIFICANT CHANGES IN PROPOSED BUDGET

FTE	$	Service Impact
(.5)	($38,000)	Extend limited duration records analyst position for Planning and Development records management but at a reduced level following completion of most records work associated with urban growth boundary and land reserve decisions.
	$30,000	Add security audit project to conduct security and intrusion testing on network, web and application systems. Required for PCI compliance, necessary to allow Metro to continue to accept credit card payments.
	$54,000	Adjust for contractual and vendor-initiated increases for primary agency systems (PeopleSoft financial and human resource applications, Kronos time-keeping application, TRIM records archival system and Microsoft maintenance and support.)
(0.50)	**($46,000)**	**TOTAL**

PERFORMANCE MEASURES

Percent of Metro clients who rate the services of the helpdesk as satisfactory or better.*

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
85.70%	**84%**	87%	*89%*	*90%*	*92%*	*92%*

*measured by annual customer survey

Percent of Metro clients who rate Records Information Management services as satisfactory or better.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
59%	**69%**	72%	*75%*	*78%*	*80%*	*82%*

Percent uptime of HR Finance and timekeeping software.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
99.97%	**99%**	99.5%	*99.5%*	*99.5%*	*99.5%*	*99.5%*

Percent uptime of network, internet and email availability.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
99.50%	**99.65%**	99.7%	*99.7%*	*99.7%*	*99.7%*	*99.7%*

Percent cost reduction of record storage costs due to timely destruction of records and promotion of e-filing through TRIM.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
NEW	**41%**	30%	*30%*	*30%*	*30%*	*30%*

PROGRESS ON 2011-12 KEY OBJECTIVES

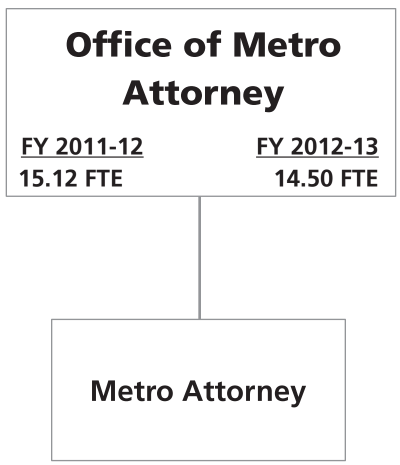
- Significant progress has been made on a pilot of SharePoint project and collaboration workspaces. Several key projects, such as SWIS and Fleet Management have adopted SharePoint 2007 WSS as a collaboration platform. Similarly, Metro's PMO is planning a rollout for project workspaces. As the 2010 SharePoint environment is completed, these spaces will be ported over to the full SharePoint 2010 environment.
- Network infrastructure continues to be standardized, including switches, wireless access points, and storage devices.

- Policies such as acceptable use and mobile devices are in process and are awaiting adoption.
- The high speed fiber connection to the zoo was completed in December 2011. This completes the project of high speed access to each of Metro's nine main locations.
- Metro's finance system was assessed, and advancements are being made to improve its functionality. Workflow and integration points are being redesigned in response to findings on usability and functionality.

KEY OBJECTIVES FOR FY 2012-13

- Consolidate data centers and storage systems.
- Perform security and systems review.
- Create strategies, policies and accounting to address mobile devices and consumerization of IT.
- Consolidate post offices and upgrade to Exchange 2010.
- Create standard for and begin implementation of enterprise data storage systems.
- Complete disaster recovery plan.
- Conduct review of financial software systems.

Metro


Office of Metro Attorney
FY 2011-12
15.12 FTE
FY 2012-13
14.50 FTE
Metro Attorney

Summary of the Office of Metro Attorney

	Audited FY 2009-10	Audited FY 2010-11	Adopted FY 2011-12	Amended FY 2011-12	Proposed FY 2012-13	Approved FY 2012-13	Adopted FY 2012-13	% Change from Amended FY 2011-12
BUDGET BY CLASSIFICATION								
Personnel Services	$1,834,865	$1,794,610	$2,003,709	$1,920,399	$1,861,972	$1,861,972	$1,861,972	(3.04%)
Materials and Services	53,966	44,909	64,176	64,176	65,200	65,200	65,200	1.60%
TOTAL	**$1,888,831**	**$1,839,519**	**$2,067,885**	**$1,984,575**	**$1,927,172**	**$1,927,172**	**$1,927,172**	**(2.89%)**
BUDGET BY FUND								
General Fund	$1,888,831	$1,839,519	$2,067,885	$1,984,575	$1,927,172	$1,927,172	$1,927,172	(2.89%)
TOTAL	**$1,888,831**	**$1,839,519**	**$2,067,885**	**$1,984,575**	**$1,927,172**	**$1,927,172**	**$1,927,172**	**(2.89%)**
FULL-TIME EQUIVALENTS (FTE)	15.50	15.50	15.50	15.12	14.50	14.50	14.50	(4.10%)
FTE CHANGE FROM FY 2011-12 AMENDED BUDGET								(0.62)

Office of Metro Attorney

The Office of Metro Attorney, created in the Metro Code pursuant to the Metro Charter, has full charge and control of all legal business for the agency. The Office of Metro Attorney represents Metro, both formally and informally, in a manner consistent with Metro's goals and policies and in a manner that fully complies with the highest professional and ethical standards of the Oregon State Bar, the Oregon Supreme Court and the legal profession.

MAJOR PROGRAMS

Office of Metro Attorney – The Office of Metro Attorney provides legal services to the entire Metro organization, including all centers and services, commissions, department directors, agency staff, the Chief Operating Officer, the Council and the Auditor. The work of the Office of Metro Attorney includes providing written opinions, negotiating and drafting contracts and intergovernmental agreements, drafting and reviewing ordinances and resolutions, offering assistance on legislative matters, and providing other legal advice to Metro officers and employees. The Metro Attorney may initiate, defend or appeal litigation on behalf of Metro when requested by the Metro Council, Chief Operating Officer or the Metro Auditor. The Office of Metro Attorney staff includes the agency's lead attorney (the Metro Attorney); seven and one-half full-time equivalent (FTE) attorneys; two paralegals; and four legal secretaries/administrative assistants.

BUDGET ENVIRONMENT

Due to changes in personnel, the Office of Metro Attorney is not filling the Deputy Metro Attorney position (1.0 FTE) in the FY 2012-13 budget. The previous Deputy Metro Attorney handled management, supervisory and administrative tasks for the Office of Metro Attorney as well as high profile legal matters and relationship building for the agency.

SIGNIFICANT CHANGES FOR THE PROPOSED BUDGET

FTE	$	Description
(.62)	($179,300)	Eliminate Deputy Metro Attorney position. (A portion of the position had been eliminated February 2012; the impact is a reduction of a full position.) Will require new strategy for completing management, supervisory and administrative tasks as well as high profile legal matters and relationship building for the agency.
(.62)	**($179,300)**	**TOTAL**

PERFORMANCE MEASURES

Legal services, both internal and external as a percent of the overall budget.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
0.90%	**0.90%**	0.90%	*0.90%*	*0.90%*	*0.90%*	*0.90%*

PROGRESS ON FY 2011-12 KEY OBJECTIVES

The office has achieved the following significant results:

- Provided legal advice and services in support of land use, transportation, and solid waste planning projects, such as the Urban Growth Boundary expansion; the Urban and Rural Reserves, the Columbia River Crossing, the SW Corridor plan and East Metro connection, Transportation Oriented Development, the Solid Waste Roadmap and Making a Great Place. Received affirmative rulings from the Land Use Board of Appeals and the Oregon Supreme Court on the Columbia River Crossing Project Land Use Final Order (LUFO); from the Land Conservation and Development Commission (LCDC) on the Urban and Rural

Reserves decision and the Urban Growth Boundary expansion; and from the Oregon Circuit Court and the Oregon Court of Appeals in the successful defense of the Metro Construction Excise tax challenge.

- Provided legal advice and services in support of Metro's parks and natural areas, including assistance with the purchase of approximately 1200 acres using bond measure funds, and in support of the Climate Change Initiative.
- Provided legal services to assist the MERC Commission and the MERC its venues to pursue successful contracts; as well as providing legal services to Metro's other venues including the Oregon Zoo's implementation of the zoo bond measure.

KEY OBJECTIVES FOR FY 2012-13

- In support of Metro's goals of safe and reliable transportation and vibrant communities, advise Metro on land use and transportation matters (including defending Metro Council designation of Urban Reserves and expansion of the Urban Growth Boundary), assist Metro in pursuing local compliance with Metro planning requirements and support Metro's pursuit of federal transportation funding.
- In support of Metro's goals of clean air and water and sustainability, advise Metro regarding solid waste planning matters (for example the Solid Waste Roadmap), assist with the Metro Parks portfolio, including park improvements, expansions, and funding, support Metro's efforts to develop and implement a land use and transportation scenario to reduce greenhouse gas emissions and draft and negotiate complex transactions for the Natural Areas bond measure.
- In support of Metro's goals of economic prosperity and equity, advise Metro regarding the Community Investment Initiative and regional infrastructure funding, assist with the enhanced marketing initiative for the Oregon Convention Center and MERC, support the zoo with the bond measure and Zoo Master Plan and assist Human Resources with policy and administrative goals.

General expense summary

Summary of General Expense

	Audited FY 2009-10	Audited FY 2010-11	Adopted FY 2011-12	Amended FY 2011-12	Proposed FY 2012-13	Approved FY 2012-13	Adopted FY 2012-13	% Change from Amended FY 2011-12
BUDGET BY CLASSIFICATION								
Personnel Services	$0	$0	$0	$0	$79,800	$79,800	$79,800	n/a
Materials and Services	10,581,776	11,989,720	7,516,421	7,481,421	7,238,838	7,238,838	7,238,838	(3.24%)
Capital Outlay	0	56,125	0	130,000	338,825	338,825	348,825	168.33%
Debt Service	43,453,208	40,356,277	33,668,660	33,668,660	55,145,288	55,145,288	53,178,771	57.95%
Interfund Reimbursements	7,680,866	8,396,573	9,397,205	9,397,205	10,118,777	10,118,777	10,118,777	7.68%
Internal Service Charges	2,723,052	2,887,871	3,000,237	3,055,777	4,143,190	4,143,190	4,143,190	35.59%
Interfund Loan	0	0	0	0	2,431,000	2,431,000	2,431,000	n/a
Fund Equity Transfers	5,175,785	10,708,854	9,724,485	9,945,372	6,322,471	6,322,471	6,522,471	(34.42%)
TOTAL	**$69,614,687**	**$74,395,420**	**$63,307,008**	**$63,678,435**	**$85,818,189**	**$85,818,189**	**$84,061,672**	**32.01%**
BUDGET BY FUND								
General Fund	$6,401,714	$7,091,393	$11,138,934	$11,207,976	$14,072,002	$14,072,002	$14,272,002	27.34%
General Asset Management Fund	100,000	56,125	100,000	230,000	139,681	139,681	149,681	(34.92%)
General Obligation Bond Debt Service Fund	40,480,021	37,321,860	30,579,525	30,579,525	51,991,413	51,991,413	50,024,896	63.59%
General Revenue Bond Fund	1,500,848	1,504,945	1,500,920	1,717,741	1,499,585	1,499,585	1,499,585	(12.70%)
MERC Fund	3,495,476	3,787,561	6,142,766	6,162,880	4,806,913	4,806,913	4,806,913	(22.00%)
Natural Areas Fund	1,379,974	1,455,269	1,773,222	1,780,005	1,783,226	1,783,226	1,783,226	0.18%
Open Spaces Fund	0	0	0	0	0	0	0	0.00%
Oregon Zoo Infrastructure & Animal Welfare Fund	0	267,896	364,209	365,414	292,677	292,677	292,677	(19.91%)
Pioneer Cemetery Perpetual Care Fund	0	0	0	0	0	0	0	0.00%
Rehabilitation & Enhancement Fund	32,662	32,962	33,287	33,287	33,465	33,465	33,465	0.53%
Risk Management Fund	9,679,707	15,991,353	3,573,156	3,690,476	2,936,483	2,936,483	2,936,483	(20.43%)
Smith & Bybee Lakes Fund	169,078	88,852	112,251	112,251	104,841	104,841	104,841	(6.60%)
Solid Waste Revenue Fund	6,375,207	6,797,204	7,988,738	7,798,880	8,157,903	8,157,903	8,157,903	4.60%
TOTAL	**$69,614,687**	**$74,395,420**	**$63,307,008**	**$63,678,435**	**$85,818,189**	**$85,818,189**	**$84,061,672**	**32.01%**
FULL-TIME EQUIVALENTS (FTE)	0.00	0.00	0.00	0.00	1.00	1.00	1.00	n/a

General expense summary

The expenditures listed in the General Expense summary are primarily non-operating expenses such as general obligation debt service and interfund transfers. Expenditures also include items such as special appropriations that cannot be easily tied to a single program, center or service. General Expense also includes costs such as election expenses that do not occur every year.

In FY 2012-13, several large non-recurring items will be included in the General Expense budget: the conversion of the Metro website to the Drupal platform; the General Fund payment for the MRC Streetcar assessment; a loan, payable over ten years, from the General Fund to the MERC Fund for the Convention Center's Streetcar assessment; and a $381,000 allocation to the General Asset Management Fund to support capital improvements at Glendoveer Golf Course and pioneer cemeteries.

Metro website conversion project

The Metro website is critical to Metro business and communications. Developed in-house in 2005, the site's outdated content management system does not support evolving technology, and vendors do not support the system. Information Services hired a consultant to study options for a new web platform and it was determined that Metro would adopt Drupal. The use of a common platform will enable Metro to achieve economies of scale across its web initiatives and will reduce initial development costs as well as ongoing expenses.

Metro anticipates that the project will move forward as three parallel, interdependent initiatives:

1. **Drupal platform development.** Establish and integrate fully the Drupal platform to support Metro programs and services. Define standards for hosting, security, core Drupal modules, database management, governance and project intake and resource management.
2. **Metro public website redesign and development.** Design a modern, efficient Metro website to better serve citizens.
3. **Program and business applications migration.** Evaluate and prioritize current applications. Update and migrate priority applications to the Drupal platform.

Project costs in the first year are $367,000, with a total two-year budget of $592,000, including contingency. The conversion portion is expected to take 18 months; the project also includes a two-year 1.0 FTE limited duration position. In year one, this position will function as a web editor for new site content and backfill for Communications staff on the project. After launch, the position will pilot interactive web and social media community development for solid waste programs, with a goal of increasing two-way communications in support of agency programs and Council priorities. The project will be co-managed by the directors of Information Services and Communications but budgeted in General Fund General Expense to keep the widely varied components in one budgetary unit, simplifying expenditure tracking.

PERFORMANCE MEASURES

Complies fully with Governmental Accounting Standards Board standards; achieves unqualified audit opinion.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
YES	**YES**	YES	*YES*	*YES*	*YES*	*YES*

Maintains agency's underlying AAA/Aaa Bond Rating.

09/10	**10/11**	11/12	*12/13*	*13/14*	*14/15*	*15/16*
YES	**YES**	YES	*YES*	*YES*	*YES*	*YES*

Highlights of the FY 2012-13 General Expense budget are:

- Debt service on general obligation bonds totaling $50.0 million.
- Debt service on pension obligation bonds of $1.7 million.
- Debt service on full faith and credit bonds for Metro Regional Center of $1.5 million.
- Interfund loan of $2.2 million, payable over 10 years, from the General Fund to the MERC Fund for the Streetcar assessment at the Oregon Convention Center.
- Interfund loan payment of $231,000, from the MERC Fund to the General Fund, for year one of the OCC Streetcar assessment loan.
- Interfund reimbursements of $10.1 million for agency-wide central service functions such as accounting, legal services, communications, risk management and Metro Regional Center management.
- Transfer of $1.9 million from the General Fund to the General Revenue Bond Fund to fund debt service payments on the Metro Regional Center and Washington Park Parking Lot bonds.
- Transfer of $1.5 million from the General Fund to the General Asset Management Fund to support renewal and replacement needs of the General Fund centers and services.
- Transfer of $1.4 million from the Solid Waste Fund to the General Fund to support solid waste education staff now in the consolidated education program in the zoo budget.
- Transfer of $1.2 million from the MERC Fund to the General Revenue Bond Fund for debt service on outstanding bonds.
- Transfer of $959,000 from the Solid Waste Revenue Fund to the General Fund for budget, finance and administrative support provided by Parks and Environmental Services and the Sustainability Center.
- Transfer of $781,000 from the General Fund to the General Asset Management Fund to support capital projects related to sustainability, Glendoveer Golf Course, pioneer cemeteries and to replenish the Oregon Zoo capital balance.
- Transfer of $518,600 from the General Fund to MERC to support projects at the Oregon Convention Center designed to increase the competitiveness of the facility.
- Transfers of $510,000 for services provided by the Data Resource Center to other Metro centers and services.
- Transfer of $367,000 from various funds to the General Fund for the web conversion project.
- Transfer of $364,500 from the Natural Areas Fund to the General Fund for budget, finance and administrative support provided by Parks and Environmental Services and the Sustainability Center.
- Transfer of $295,000 from the Risk Fund to the General Fund for risk personnel budgeted in the General Fund.
- Transfer of $175,000 from the General Fund to the Solid Waste Revenue Fund to support the agency-wide Sustainability program.
- Payments of approximately $1.8 million for claims from Metro's Risk Management unemployment, liability, property and workers' compensation programs.
- Payments of approximately $783,000 in purchased insurance for Metro's Risk Management liability, property and workers' compensation programs.

General Fund special appropriations: $4.53 million

- $2.93 million for Construction Excise Tax grants to local governments for concept planning.
- $500,000 for Metro Regional Center Streetcar assessment.
- $147,200 in awarded Nature in Neighborhoods community grants not yet completed and $200,000 for a new round of grants.
- $154,300 for the TriMet passport program, Metro's primary employee commute option strategy.
- $130,725 for Metro's required outside financial audit.
- $75,000 for election expenses.
- $50,000 for public notice requirements under voter-approved ballot measures or required by Metro Code.
- $40,000 for general agency dues for Regional Water Providers Consortium and Lloyd Business Improvement District.
- $50,000 for general administrative and legal expenses related to the construction excise tax.
- $15,250 for general Metro sponsorship account.
- The following designated contributions are also included:
  - $75,000 to The Intertwine Alliance.
  - $60,000 for the Greater Portland Pulse Consortium.
  - $25,000 to the Regional Arts and Culture Council.
  - $25,000 to the Metropolitan Export Initiative.
  - $25,000 for Greater Portland, Inc. (Regional Economic Development Board is now merged with Greater Portland, Inc. and included in this line).
  - $15,000 for First Stop Portland.
  - $10,000 for Rail~Volution.
  - $1,500 to the One Willamette River Coalition.